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REPARATION COMMISSION.

XIXA.

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Report of the Commissioner for the German Railways (December 2, 1928).

Report of the Commissioner of the Reichsbank (December 10, 1928).

Report of the Commissioner of Controlled Revenues (October 26, 1928).

Report of the Trustee for German Industrial Debentures (November 15, 1928).

Report of the Trustee for German Railway Bonds (October 26, 1928).

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REPORT OF THE COMMISSIONER OF THE REICHSBANK

(December 10, 1928)

REPORT OF THE COMMISSIONER FOR THE GERMAN RAILWAYS

(December 2, 1928)

REPORT OF THE COMMISSIONER OF CONTROLLED REVENUES

(October 26, 1928)

REPORT OF THE TRUSTEE FOR GERMAN INDUSTRIAL DEBENTURES

(November 15, 1928)

REPORT OF THE TRUSTEE FOR THE GERMAN RAILWAY BONDS

(December 12, 1928)

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REPORT
OF THE COMMISSIONER
OF THE REICHSBANK

December 10, 1928

BERLIN

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Report of the Commissioner of the Reichsbank.

(September 1, 1927 to August 31, 1928.)

Berlin, December 10, 1928.

The following Report covers the period from September 1, 1927, to August 31, 1928; where this seemed desirable, however, events occurring later than this period have been taken into account up to December 10, 1928.

At the beginning of June, 1928, an interim Report on the period since September 1, 1927, was published. Reference is made generally to this interim Report for further particulars of the period in question.

I. General Council.

There has been no change in the composition of the General Council during the period covered by the present Report.

On October 11, 1928, the term of office of the following members came to an end:

Sir Charles Addis,
Prof. Dr. G. W. J. Bruins,
Gates W. McGarrah,
Franz von Mendelssohn,
Hans Remshard,
Charles Sergent,
Oscar Wassermann.

At the meeting held on September 29, 1928, the said members were re-elected, the election of Herren von Mendelssohn, Remshard and Wassermann being subject, under § 16 of the Bank Law, to confirmation by such shareholders of the Reichsbank as are German nationals.

At the same meeting the President of the Reichsbank, whose term of office comes to an end on April 11, 1929, was re-elected for a further period of four years. The signature of the President of the Reich to the patent of appointment required under § 6 of the Bank Law was given on October 6, 1928.

The Commissioner of the Reichsbank, whose term of office came to an end on October 11, 1928, was re-elected at the same meeting for a further period of four years.

The re-elected members accepted their nomination.

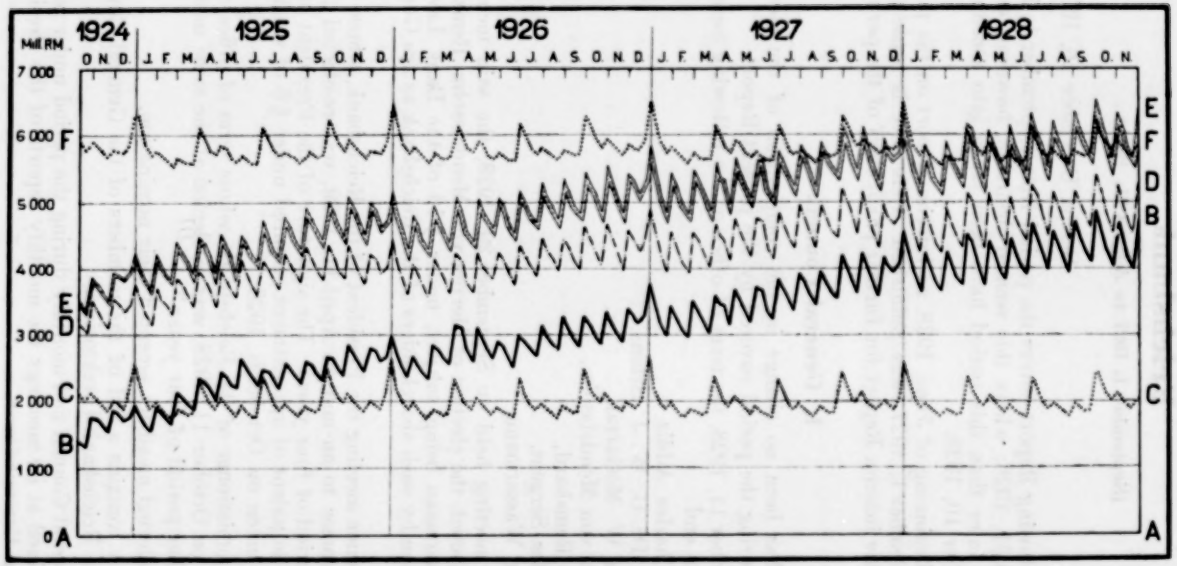
Annex A contains a list of the members of the General Council and of the Reichsbank-Direktorium.

The General Council met monthly during the period under report and examined at its meetings the monthly reports of the President and of the Commissioner.

The Commissioner regularly attended the weekly meetings of the Reichsbank-Direktorium with the delegates of the Central Committee.

Diagram I.

Means of payment in circulation.



A—F. *Total circulation of means of payment 1913,*
A—E. *Total circulation of means of payment 1924/28,*
A—C. *Circulation of Reichsbank notes 1913,*
A—B. *Circulation of Reichsbank notes 1924/28,*
B—D. *Circulation of Rentenbank notes 1924/28*

II. Reichsbank notes.

In accordance with § 27 of the Bank Law of August 30, 1924, the preparation, issue, calling-in and destruction of notes takes place under the supervision of the Commissioner.

The duty of the Commissioner primarily consists in securing the execution of such provisions of the Law and Statutes as apply to the right of issuing notes and the maintenance of the gold cover for the notes in circulation.

a. Issue of Reichsbank notes.

As mentioned in the annual Report for 1926/27, various additional issues of Reichsbank notes were prepared during 1926 and 1927, and the Reichsbank has been occupied since November, 1927, with further issues of notes of all values, in order to increase its reserves and to replace the Bank notes which have become unusable in circulation; the printing of the notes is still proceeding. The work of applying the issue control stamp of the Commissioner to the additional issues was begun on December 9, 1927; it is being done in the same manner as hitherto in the Printing Office of the Reich under the supervision of two control officials of Dutch nationality.

The destruction of Reichsmark notes, which have become unusable in circulation, takes place as required, under the supervision of the Commissioner. It has been found in this connection that in circulation the control stamp has continued to prove satisfactory.

The circulation of Reichsbank notes has been as follows:

on August 31, 1927	3,934,724,000	reichsmarks,
» October 31, 1927	4,230,568,000	»
» December 31, 1927	4,564,047,000	»
» February, 29, 1928	4,268,220,000	»
» April 30, 1928	4,409,460,000	»
» June 30, 1928	4,674,202,000	»
» August 31, 1928	4,673,034,000	»
» October 31, 1928	4,672,013,000	»
» November 30, 1928	4,724,024,000	»

Diagram I and Annex B contain more detailed particulars.

The following table shows the quarterly modifications in the composition of the circulation of Reichsbank notes since December 31, 1925, arranged according to the denominations. December 31, 1925, has been chosen as a commencing date, because the old paper mark notes still outstanding were shown in the total circulation of the Reichsbank until November 30, 1925.

Composition of the circulation of Reichsbank notes
(in millions of reichsmarks)

Date	ℛ.ℳ 10	ℛ.ℳ 20	ℛ.ℳ 50	ℛ.ℳ 100	ℛ.ℳ 1000	Total
December 31, 1925...	687.6	1,041.3	681.8	460.8	88.8	2,960.4
March 31, 1926.....	680.5	1,034.4	786.8	567.8	90.1	3,159.6
June 30, 1926.....	599.1	1,030.0	745.3	525.1	71.7	2,971.2
September 30, 1926..	667.3	1,054.6	871.9	586.6	70.6	3,251.1
December 31, 1926...	807.3	1,006.4	1,063.0	714.4	144.5	3,735.5
March 31, 1927.....	761.1	981.6	1,028.7	692.4	124.9	3,588.7
June 30, 1927.....	809.9	1,004.3	1,093.7	776.5	130.8	3,815.2
September 30, 1927..	935.4	1,109.7	1,184.0	822.2	131.1	4,182.4
December 31, 1927...	884.9	1,194.4	1,387.9	922.8	174.1	4,564.0
March 31, 1928.....	814.5	1,296.6	1,362.7	896.0	143.4	4,513.2
June 30, 1928.....	785.3	1,412.5	1,390.7	942.7	143.0	4,674.2
September 29, 1928..	836.5	1,546.3	1,352.9	950.9	143.5	4,830.2
November 30. 1928 ..	835.6	1,481.7	1,333.5	934.2	139.1	4,724.0

The above figures refer exclusively to Reichsbank notes. In order to obtain a complete idea of the composition of the total paper circulation in Germany, the figures for the Rentenbank notes and the notes of the Private Banks of Issue in circulation have to be taken into consideration as well.

b. Cover for Reichsbank notes.

Under § 28 of the Bank Law, the Reichsbank is obliged always to hold the following cover for the amount of its notes in circulation:

1. at least 40 per cent in gold or Devisen (foreign exchange), of which not less than three-quarters must be in gold (§ 28a);
2. for the remaining amount, discounted commercial bills of exchange or cheques (§ 28b).

Gold within the meaning of this provision is bar gold as well as German or foreign gold coins (the pound fine being calculated at 1,392 reichsmarks), in so far as such gold is in the possession of the Bank or deposited with a foreign central bank of issue in a manner to be at all times at the free disposal of the Reichsbank.

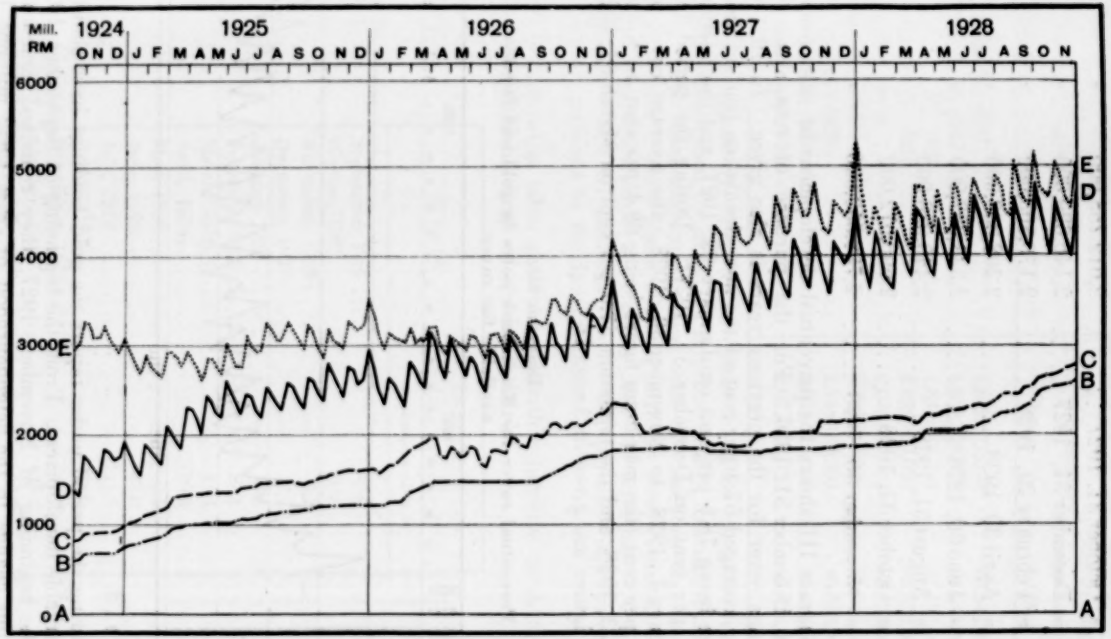
Devisen (foreign exchange) are bank notes, or bills of exchange having a currency of not more than fourteen days, cheques and day-to-day claims payable in foreign currency at a bank of known solvency in foreign financial centres. They are to be taken at their current gold value.

Below is a statement of the movements of this cover which is expressed in the form of a graph in Diagram II; the figures appear as Annex C to the present Report. Their significance will be discussed more in detail in connection with the remarks on the policy of the Reichsbank.

Diagram II.

Diagram II.

Cover for Reichsbank notes.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5000
4000
3000
2000
1000
0
E
D
C
B
A

A—B. *Gold holdings,*
B—C. *Devisen available for cover,*
C—E. *Bills and cheques,*
A – D. *Circulation of Reichsbank notes.*

Cover in gold and Devisen.

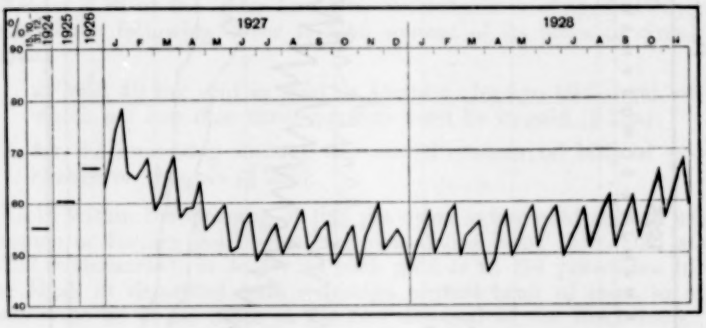
The cover in gold and Devisen available for cover was as follows:

on August 31, 1927	2,009,980,000	reichsmarks,
» October 31, 1927	2,012,755,000	»
» December 31, 1927	2,146,629,000	»
» February 29, 1928	2,170,303,000	»
» April 30, 1928	2,208,668,000	»
» June 30, 1928	2,333,862,000	»
» August 31, 1928	2,443,038,000	»
» October 31, 1928	2,696,072,000	»
» November 30, 1928	2,796,553,000	»

Diagram III shows the percentual development of this cover as from December 31, 1926. For the purpose of comparison the average cover for the previous years is also given. In 1927 the cover averaged 57.4 per cent of the note circulation (the maximum figure being 78.5 per cent on January 22, 1927, and the minimum 47.0 per cent on December 31, 1927). During the period from January 1, 1928, to November 30, 1928, the average cover was 56.4 per cent (the maximum figure being 68.4 per cent on November 23, 1928, and the minimum 47.0 per cent on March 31, 1928). The figures are given in Annex D.

Diagram III.

Percentual cover for Reichsbank notes in gold and Devisen available for cover.



Gold.

During the period under report the gold holdings have shown a remarkable development. From the beginning of September, 1927, to the beginning of November, 1927, they remained practically without change in the neighbourhood of ℛℳ 1,852 millions, but since then there has been an appreciable rise, which—apart from the temporary stagnation in May—has continued, and attained the big figure of ℛℳ 110 and ℛℳ 116 millions in April and July, 1928, respectively, increasing to ℛℳ 149 and ℛℳ 136 mil-

lions in September and October, as shown in the table at the bottom of this page.

The following table shows the movements of the gold holdings of the Reichsbank:

Date	Total gold holdings ℛℳ	Gold deposits with foreign banks of issue ℛℳ
August 31, 1927	1,852,671,000	66,543,000
October 31, 1927	1,851,309,000	66,543,000
December 31, 1927	1,864,643,000	81,437,000
February 29, 1928	1,888,350,000	85,626,000
April 30, 1928	2,040,931,000	85,626,000
June 30, 1928	2,083,818,000	85,626,000
August 31, 1928	2,248,130,000	85,626,000
October 31, 1928	2,532,815,000	85,626,000
November 30, 1928	2,623,494,000	85,626,000

From August 31, 1927, to November 30, 1928, therefore, the gold holdings increased by ℛℳ 771 millions in all. During this period gold to the total amount of about ℛℳ 825 millions was imported into Germany, while about ℛℳ 14 millions were exported, so that imports exceeded exports by about ℛℳ 811 millions. Of the gold imported ℛℳ 67 millions went to private enterprise and ℛℳ 758 millions to the Reichsbank.

The following table shows the monthly increase or decrease in the total gold holdings of the Reichsbank:

Month	Increase (+) or decrease (—) (in millions of ℛℳ)
September, 1927	— 0.6
October, 1927	— 0.8
November, 1927	+ 5.7
December, 1927	+ 7.7
January, 1928	+ 0.6
February, 1928	+ 23.1
March, 1928	+ 42.4
April, 1928	+ 110.2
May, 1928	— 0.1
June, 1928	+ 43.0
July, 1928	+ 115.8
August, 1928	+ 48.5
September, 1928	+ 148.8
October, 1928	+ 135.8
November, 1928	+ 90.7

Especially during the last few months very important gold consignments have reached the Reichsbank from Great Britain; in many cases consignments were also received from Russia.

Devisen.

The Devisen shown in the returns amounted:

on August 31, 1927	to	157,309,000	reichsmarks,
» October 31, 1927	»	161,446,000	»
» December 31, 1927	»	281,986,000	»
» February 29, 1928	»	281,953,000	»
» April 30, 1928	»	167,737,000	»
» June 30, 1928	»	250,044,000	»
» August 31, 1928	»	194,908,000	»
» October 31, 1928	»	163,257,000	»
» November 30, 1928	»	173,059,000	»

Cover in bills and cheques.

The holdings of the Reichsbank in bills and cheques were as follows:

on August 31, 1927	.....	2,661,635,000	reichsmarks,
» October 31, 1927	.....	2,802,380,000	»
» December 31, 1927	.....	3,128,656,000	»
» February 29, 1928	.....	2,336,275,000	»
» April 30, 1928	.....	2,492,874,000	»
» June 30, 1928	.....	2,477,172,000	»
» August 31, 1928	.....	2,603,908,000	»
» October 31, 1928	.....	2,348,280,000	»
» November 30, 1928	.....	2,211,490,000	»

The circulation of the notes of the Reichsmark and the cover held have been regularly subject to control by the Commissioner.

c. Redemption of Reichsbank notes.

Under § 31 of the Bank Law, the Reichsbank is obliged to redeem its notes to bearer, at the option of the Bank, in German gold coins, in gold bars, or in cheques or orders to pay in foreign currency. According to § 52, however, the coming into force of this provision requires a combined decision of the Reichsbank-Direktorium and the General Council. So far no such decision has been taken, and accordingly the Bank is at present under no legal obligation to redeem its notes.

The policy of the Reichsbank in this matter will be discussed under section VII, k below.

d. The old notes of the Reichsbank.

In the Report for the year 1926/27 it was already stated that the return of the notes issued by the Reichsbank before the coming into force of the Bank Law of August 30, 1924, (which became worthless as from July 5, 1925) had almost entirely ceased. On November 30, 1928, all but ℛℳ 10.4 millions had been returned to the Bank. It is to be assumed that a large part of these old notes, for the exchange of which the Reichsbank still offers facilities at its head office in Berlin, are no longer in existence, or will not be presented for exchange because the total of the notes in the hands of individual holders falls below the minimum allowed for exchange viz. 10 milliard paper marks = 1 Reichspfennig.

III. Other media of payment.

Under § 1 of the Bank Law, the Reichsbank has among other duties that of regulating the circulation of money throughout the Reich.

In addition to the notes issued by the Reichsbank there are also in circulation in Germany the notes issued by the Rentenbank, the notes of the four Private Banks of Issue and coins.

Diagram I shows, besides the circulation of Reichsbank notes, that of the other instruments of payment for the period from October 15, 1924, (first weekly statement of the Reichsbank under the Bank Law of August 30, 1924) to November 30, 1928. The figures on which the diagram is based are given in Annex B to the present Report.

The percentual ratio of the various means of payment to the total amount in circulation was:

	Aug. 31, 1925	Aug. 31, 1926	Aug. 31, 1927	Aug. 31, 1928	Nov. 30, 1928
Reichsbank notes.....	51.83	60.62	67.07	73.72	73.98
Rentenbank notes	34.21	23.68	17.17	8.89	8.21
Notes of private banks of issue	3.73	3.17	3.14	2.94	2.94
Total amount of notes in circulation	89.77	87.47	87.38	85.65	85.13
Coins.....	10.23	12.53	12.62	14.35	14.87
	100.00	100.00	100.00	100.00	100.00

a. Rentenbank notes.

The Rentenbank notes were brought into circulation in virtue of the Decree for the Formation of the Deutsche Rentenbank of October 15, 1923; they were issued partly in connection with the Rentenbank loan to the Reich, which originally amounted to ℛℳ 1,200 millions, and partly as a result of the "economic credits" granted in the form of bills of exchange, from which agriculture chiefly benefited, and which were actually drawn upon to a maximum amount of ℛℳ 880.3 millions. The total issue was thus originally ℛℳ 2,080.3 millions.

Under § 5 of the Law for the Liquidation of Rentenbank Notes in Circulation, the total amount of Rentenbank notes in circulation has to be liquidated by the Reichsbank in not more than ten years.

Under § 6 of the same Law, a special sinking fund is to be formed for the purpose at the Reichsbank and under its administration; the fund is supplied from the following sources:

a) interest payments on landed property effected by the owners of land mortgaged in favour of the Rentenbank;
b) contributions of the Reich to the amount of ℛℳ 60 millions per annum;
c) share of the Reich in the profits of the Reichsbank.

The Rentenbank notes paid into sinking fund have to be destroyed by the Reichsbank. In so far as the above mentioned payments are made in reichsmarks, the Reichsbank has in exchange to withdraw Rentenbank notes from circulation and to destroy them.

The "economic credits" referred to above were to be liquidated within three years. As already stated in the annual Report for 1926/27, the liquidation of the credits was terminated on November 30, 1927, with the repayment of the last instalment amounting to ℛ.ℳ 293.4 millions. The destruction of the Rentenbank notes handed over to the Reichsbank in this connection was completed at the end of December, 1927.

Up to November 30, 1928, the Reichsbank had received ℛ.ℳ 1,472.8 millions in all for redemption, as against ℛ.ℳ 1,038.0 millions on August 31, 1927; the payments were made up as follows:

	August 31, 1927	November 30, 1928
	in millions of reichsmark	
Under § 7a of the Liquidation Law (interest payments effected by the owners of land mortgaged in favour of the Rentenbank)	189.1	275.0
Under § 7b of the Liquidation Law (contribution of the Reich amounting to ℛ.ℳ 60 millions per annum)	165.0	240.0
Under § 7c of the Liquidation Law (share of the Reich in the profits of the Reichsbank) [1]	72.0	77.5
Under § 11 of the Liquidation Law (liquidation of the "economic credits" granted by the Rentenbank)	611.9	880.3
Total	1,038.0	1,472.8

[1] In the business years 1924/1927 this share amounted to ℛ.ℳ 55.6, ℛ.ℳ 12.2, ℛ.ℳ 4.2 and ℛ.ℳ 5.5 millions respectively.

Under § 11 of the Rentenbank Liquidation Law, the Rentenbank had to pay to the Reichsbank a share of the interest obtained from the liquidation of the above mentioned "economic credits", this share to be calculated on the amounts in question at 7/10ths per annum of the Reichsbank discount rate, but not to exceed 7 per cent per annum. The Reichsbank has in consequence a claim on the Rentenbank of ℛ.ℳ 70.1 millions, which by an earlier agreement is postponed until the final liquidation of the Rentenbank. This sum, however, has already been used by agreement to reduce the circulation of Rentenbank notes, an equivalent amount of Rentenbank notes having been held under earmark at the Reichsbank since January, 1928.

During the period under report the circulation of Rentenbank notes (since January, 1928, without the amount under earmark at the Reichsbank) has been as follows:

on August 31, 1927	1,007,189,000	reichsmarks,
» October 31, 1927	896,282,000	»
» December 31, 1927	716,231,000	»
» February 29, 1928	630,416,000	»
» April 30, 1928	609,306,000	»
» June 30, 1928	578,256,000	»
» August 31, 1928	570,074,000	»
» October 31, 1928	542,667,000	»
» November 30, 1928	524,328,000	»

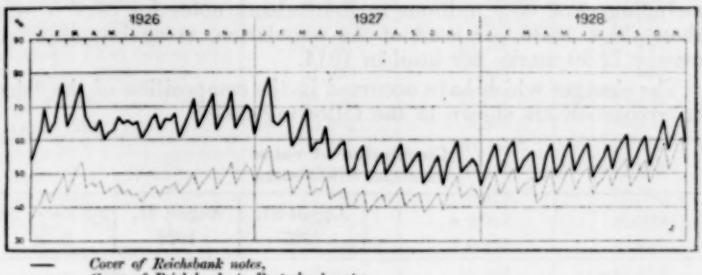
The debt of the Reich to the Rentenbank was reduced to:

ℛ.ℳ 845.9 millions	.....	on	August 31, 1927
about » 677.6 »	.....	»	November 30, 1928.

Although the Reichsbank is under no obligation to keep cover for the Rentenbank notes, it is of interest, in view of the fact that the notes of the latter bank circulate with Reichsbank notes, without there being any gold or foreign exchange cover for them, to examine the relation of the gold and Devisen cover of the Reichsbank to the total of both means of payment. Diagram IV therefore contains the percentages of cover for the Reichsbank and Rentenbank notes together in addition to the percentages of cover for the Reichsbank notes alone.

Diagram IV.

Percentual cover in gold and Devisen available for cover.



— *Cover of Reichsbank notes.*
Cover of Reichsbank + Rentenbank notes.

b. Notes of the Private Banks of Issue.

The note circulation of the Private Banks of Issue (the Bayerische Notenbank, the Württembergische Notenbank, the Sächsische Bank and the Badische Bank), the maximum figure for which is fixed by the Bank Law of August 30, 1924, at a total of ℛ.ℳ 194 millions, was:

on August 31, 1927	.....	184,712,000	reichsmarks,
» October 31, 1927	.....	188,063,000	»
» December 31, 1927	.....	188,668,000	»
» February 29, 1928	.....	185,387,000	»
» April 30, 1928	.....	185,233,000	»
» June 30, 1928	.....	188,825,000	»
» August 31, 1928	.....	186,613,000	»
» October 31, 1928	.....	188,617,000	»
» November 30, 1928	.....	187,692,000	»

On November 30, 1928, the total note cover of the private banks of issue amounted to ℛ.ℳ 65.9 millions in gold and ℛ.ℳ 30.3 millions in Devisen available for cover.

c. Coins.

The new gold coins of ℛ.ℳ 10 and 20 for which provision is made in § 2 of the Coinage Law of August 30, 1924, have not yet been minted. There are no longer any considerable amounts in circulation of the gold coins coined under former laws (which are still legal tender under § 4 of the new Coinage Law).

The following coin was in circulation:

on August 31, 1927	740,187,000	reichsmarks,
» October 31, 1927	788,703,000	»
» December 31, 1927	835,257,000	»
» February 29, 1928	841,336,000	»
» April 30, 1928	872,207,000	»
» June 30, 1928	888,914,000	»
» August 31, 1928	909,284,000	»
» October 31, 1928	940,057,000	»
» November 30, 1928	949,506,000	»

These coins are issued by the Reich and put into circulation by the Reichsbank as circumstances require. According to § 8 of the Coinage Law, the aggregate amount of coin of the denomination of ℛℳ 5 and under may not exceed ℛℳ 20 per head of the population. At the end of November, 1928, the circulation of coins, including ℛℳ 83.9 millions in Rentenbank notes for ℛℳ 5, was about ℛℳ 16.30 per head of the population, as against approximately 12.50 marks per head in 1914.

The changes which have occurred in the composition of the coins in circulation are shown in the following table:

Circulation of coins
(in millions of reichsmarks)

	August 31, 1927	August 31, 1928	November 30, 1928
Silver coins			
for ℛℳ 5	8.9	180.9	214.0
» » 3	151.3	148.1	148.5
» » 2	189.3	184.4	184.4
» » 1	258.2	248.0	248.8
Pfennig coins			
for ℛ₰ 50	55.7	63.1	66.2
» » 10	50.1	55.1	56.3
» » 5	21.7	23 6	24.9
» » 2	2.3	2.9	3.1
» » 1	2.7	3.2	3.3
Total....	740.2	909.3	949.5

The Reichsbank holdings of coins showed a certain increase at times. They amounted:

on August 31, 1927	to	80,936,000	reichsmarks,
» December 31, 1927	»	42,727,000	»
» August 31, 1928	»	90,746,000	»
» November 30, 1928	»	89,737,000	»

IV. Payments effected otherwise than in cash.

When considering the total circulation, the very important payments effected otherwise than in cash cannot be left out of account. Reference may be made to the annual Report for 1926/27 which contains some information on this point and in particular on the part played by the Reichsbank in this connection.

The figures there given and in the interim Report for 1928 are supplemented below.

Turnover of the Giro and Clearing systems of the Reichsbank and the Postal cheque service
(in millions of reichsmarks)

	Giro business of the Reichsbank	Total clearing business of the Reichsbank	Postal cheque business
I. Annual totals:			
1924	465,470	36,725	78,503
1925	472,379	63,063	110,835
1926	539,424	83,448	114,810
1927	628,793	104,615	136,052
II. Monthly totals:			
September, 1927	50,079	8,661	11,205
October, 1927	56,038	9,574	12,475
November, 1927	53,932	9,064	12,038
December, 1927	56,795	9,506	12,899
January, 1928	58,095	10,056	12,488
February, 1928	51,988	8,948	10,980
March, 1928	57,954	10,179	11,780
April, 1928	55.955	9,586	11,823
May, 1928	56,656	10,061	11,863
June, 1928	57,315	10,400	11,993
July, 1928	61,982	10,573	12,590
August, 1928	58,021	9,911	12,209
September, 1928	54,783	9,420	11,441
October, 1928	63,603	10,984	13,453
November, 1928	57,543	10,037	

A few technical alterations were introduced into the Giro system of the Reichsbank as from September 5, 1928, for the purpose of simplifying and accelerating transfers. It is now possible to give the purpose of the transfer and the name of the transferor in the transfer form, so that the special notice hitherto sent by the transferor to the transferee is in most cases no longer necessary.

In telegraphic Giro transactions it is now also possible to communicate the purpose of the transfer simultaneously with the transfer itself.

The international Giro system was further developed with satisfactory results during the period under report. The following countries participate (in alphabetical order): Austria, Belgium, Czecho-Slovakia, Danzig, Denmark, Esthonia, Finland, France, Great Britain, Hungary, Ireland, Latvia, Lithuania, the Netherlands, Norway, Sweden, Switzerland and the United States of America.

V. Relation of the Reichsbank to the Reich.

During the period under report the Reichsbank continued to function as Paying Agent for the service of the 7 per cent German External Loan 1924.

Since February, 1928, the Reichsbank, acting for the Finance Ministry of the Reich, offered for sale Treasury bills of the Reich. These bills were placed in part on the open market and taken over in part by public institutions.

The following table shows the totals of Treasury bill issues at the end of the various months, together with the proportions issued on the open market:

Treasury bills of the Reich
(in millions of reichsmarks)

End of month	Total circulation		Proportion of total circulation on open market	
	Total amount	Increase	Total amount	Increase
February, 1928	32.5	32.5	7.5	7.5
March, 1928.....	40.0	7.5	15.0	7.5
April, 1928	57.7	17.7	32.7	17.7
May, 1928	164.7	107.0	54.7	22.0
June, 1928.....	217.2	52.5	102.1	47.4
July 1928.....	224.5	7.3	109.4	7.3
August, 1928.....	229.0	4.5	113.9	4.5
September, 1928.....	296.0	67.0	185.9	72.0
October, 1928	341.0	45.0	230.8	44.9

The bills issued on the open market have a currency of 3 months and are sold at the private discount rate.

In accordance with the Law amending the Bank Law, of July 8, 1926, Treasury Bills issued by the Reich backed by a further obligee of known solvency in addition to the Reich may be discounted or admitted as collateral by the Reichsbank, for an amount which may not exceed an aggregate total of ℛ𝑀 400 millions.

On April 30, 1928, the first amount of ℛ𝑀 1,000,000 of Treasury bills was discounted by the Reichsbank, and since then further amounts have been discounted fairly regularly, especially at the end of months. Since June 15, 1928, loans against collateral of such bills have been granted, but for restricted amounts only (maximum discounted ℛ𝑀 57.3 millions, maximum accepted as collateral ℛ𝑀 5 millions).

The following table contains more detailed information:

Treasury bills of the Reich discounted or accepted as collateral by the Reichsbank
(in thousands of reichsmarks)

End of month	Discounted	Accepted as collateral	Total
April, 1928.....	1,000	—	1,000
May, 1928	—	—	—
June, 1928	1,000	10	1,010
July, 1928	1,750	5,000	6,750
August, 1928	4,500	1	4,501
September, 1928.....	13,450	3,747	17,197
October, 1928.....	—	3,584	3,584
November, 1928	57,300	1	57,301

As stated in the loan memorandum for the Reich (1927), submitted in October, 1928, by the Finance Minister of the Reich to the Reichstag, the credits to the Reich for current requirements, for which provision is made in § 25 of the Bank Law to an amount not exceeding ℛ.ℳ 100 millions, are taken up in the form of a current account credit and bear interest at the Reichsbank rate of the time.

During the period under report the Reich has had recourse to such credits on various occasions and more especially at the end of the month. The maximum amount drawn under these credits was ℛ.ℳ 66.5 millions in 1927 and ℛ.ℳ 97.3 millions in 1928.

VI. Golddiskontbank.

In continuation of the information furnished on the Golddiskontbank in previous Reports, some data may here be given on the development of business during the period under report, which are taken from the monthly statements of the Bank.

Date	Bills and cheques	Rediscounted bills	Securities	Liabilities at call	Time liabilities
	in £ 1000				
1927					
August 31	6,002.6	1,311.3	13,786.9	5,466.6	6,363.2
September 30	5,711.1	1,188.5	13,375.9	5,747.9	5,384.2
October 31	6,210.1	1,118.3	12,855.3	6,189.1	4,894.8
November 30	11,067.1	1,140.3	14,250.0	4,997.6	12,292.0
December 31	1,081.8	2,396.9	13,720.0	1,526.8	5,212.9
1928					
January 31	502.9	2,533.1	13,640.0	2,082.6	3,401.9
February 29	1,082.9	2,536.3	13,630.4	3,736.9	2,359.3
March 31	2,915.0	2,506.5	13,172.8	6,084.9	1,380.3
April 30	314.7	2,218.6	12,759.1	3,426.6	646.1
May 31	2,839.3	2,320.0	12,494.8	2,079.7	4,638.7
June 30	1,918.0	1,940.2	12,434.3	2,978.8	2,783.5
July 31	4,973.7	1,557.6	12,360.0	3,880.5	4,532.6
August 31	390.5	2,061.2	12,264.6	2,606.3	611.8
September 29	2,085.7	1,830.2	12,022.5	5,151.7	97.9
October 31	7,051.8	1,665.9	11,972.6	10,033.8	73.4
November 30	2,609.4	2,107.5	11,856.5	5,624.1	—

The changes in the item "Time liabilities" are due, as mentioned in the previous Report, mainly to the fact that the proceeds of the external loans of the Rentenbank-Kreditanstalt were provisionally deposited entirely or partially with the Golddiskontbank. The increase during November, 1927, which brought the figure up to 12.3 million pounds sterling was due to the deposit of the proceeds of the third external loan of the Rentenbank-Kreditanstalt amounting to 50 million dollars. The increase at the end of May and July, 1928, is due to the deposit of part of the proceeds of the fourth

external loan for originally 25 million dollars. These items diminish to the extent to which the funds are applied to their purpose.

The fluctuations in the liabilities at call are in close connection with the arrangements made by public bodies for the placing of their cash. If the latter have large sums at command, they commonly deposit a part of them with the Golddiskontbank. The very considerable increase in October, 1928, is due to the transfer of tax receipts.

The public funds received by the Golddiskontbank are to a large extent passed on to the private discount market.

No recourse was had during the period under report to the foreign commitment credit at the disposal of the Golddiskontbank or indeed to any foreign credits.

The item "Securities", which, it will be remembered, includes in addition to other securities, in particular the three to five year 7 per cent mortgage bonds of the Rentenbank-Kreditanstalt, reached its maximum figure at November 30, 1927; since that date, it has shown a regular although slight decrease, due to repayments in respect of the credits accorded. Of the total of mortgage bonds issues a certain amount, in which there has been recently no change, is held outside of the Golddiskontbank.

The discount rate has been 6 per cent since June 11, 1927.

VI. Some aspects of Reichsbank policy.

Before considering the policy pursued by the Reichsbank a brief review is as usual given in the present Report of the general economic position of Germany during the period covered by it.

a. Development of the general trade situation.

In the interim Report published at the beginning of June, 1928, it was mentioned that the business situation in Germany had been maintained at practically the same high level from the summer of 1927 to the beginning of 1928, but that a certain falling off had since become noticeable in some branches of industry. Whereas it had not been possible then to form an opinion as to whether this state of affairs marked the beginning of a general conjunctural decline, the position has in the meantime become sufficiently clarified to allow of a certain—though slight and intermittent—decrease of trade activity being clearly remarked. The downward tendency is even now by no means uniform; output and turnover in some industries have remained during the past few months at approximately the same level as during the corresponding period of the previous year. Here and there during the last few months a slight increase in activity may even be noted, due it is true in many cases to seasonal influences.

The industries manufacturing goods for consumption have generally been the first to show symptoms of a falling off, whereas in the beginning the industries manufacturing production goods were able to a certain extent to compensate reduced home sales by

increased exports. During the last few months, however, the position changed. The industries manufacturing goods for consumption are again progressing, whereas various industries manufacturing production goods have seen their figures for output fall appreciably. The export figures for these branches continued to develop satisfactorily, but not sufficiently to counterbalance the fall in inland sales. Of the last group the iron and steel industry is the most important. Normal operations have been interrupted in this branch owing to the majortiy of works being at a standstill throughout November. Such an interruption of work in an important branch of German economic life is clearly bound to affect other branches including exports.

Further the development of the conjuncture of course diverges very much in the various individual branches. The electrical and chemical industries show highly favourable figures of production, but the situation is unsatisfactory in important branches of the textile and machine industry.

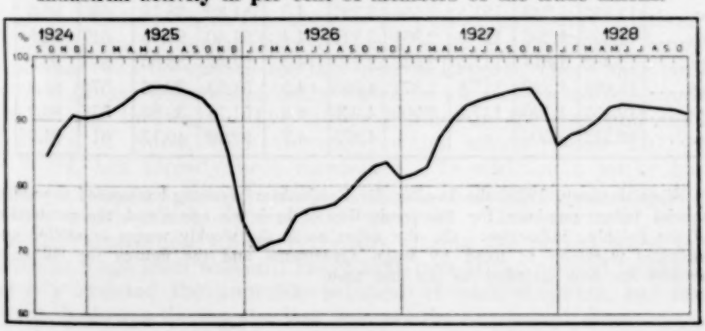
The agricultural conjuncture is always more or less independent of developments in other branches of industry. Although the 1928 harvest was better both in quantity and quality than that of last year, the position in many branches of agriculture is anything but satisfactory.

With regard to the question of employment during the period under report, the number of persons unemployed, which during the third quarter of 1927 continued to fall, began in 1928 to increase so soon as August, and this increase has since continued, although within certain limits. When considering the figures for unemployment, it must be borne in mind that fresh legislation affecting unemployment relief was introduced on October 1, 1927, and further that part-time workers and workers unemployed owing to labour disputes are not included in the figures.

A clearer picture than is to be had from the unemployment figures may be found in the figures showing the extent of industrial activity, which comprise both the wholly unemployed and the short-time workers. Diagram V is compiled from these figures; they refer exclusively to members of the trade unions.

Diagram V.

Industrial activity in per cent of members of the trade unions.



Month	Output of coal (1,000 tons)	Output of crude steel (1,000 tons)	Index figures of output 1924/26 = 100	Buildings completed (Total of buildings)	Number of trucks made available by the Reichsbahn (1,000 trucks)	Proceeds from bill stamp duty (in million reichsmarks)	Weekly wages		Unemployment (in 1000)	Industrial activity in per cent of members of the trade unions	Insolvencies
							Skilled workers (RM)	Unskilled workers (RM)			
1925											
March ..	11,412	1,209	111.8	—	3,042	7.5	38.68	28.93	466	93.0	776
June....	9,891	1,109	107.1	—	2,938	7.8	41.41	30.70	195	95.4	776
Sept. ...	11,355	876	103.3	—	3,240	4.4	43.63	32.34	266	93.6	914
Dec.....	11,367	765	104.1	—	2,784	3.3	44.88	33.27	1,499	74.6	1,660
1926											
March ..	11,424	949	92.5	—	3,154	3.2	45.20	33.59	1,942	71.8	1,871
June....	11,756	976	93.4	1,844	3,261	2.9	45.18	33.59	1,741	76.6	913
Sept. ...	12,876	1,144	106.2	2,092	3,637	2.8	45.26	33.67	1,394	81.3	467
Dec.....	13,775	1,303	120.3	3,291	3,623	3.3	45.51	33.92	1,749	81.4	435
1927											
Jan.....	13,355	1,309	120.3	2,353	3,216	3.0	45.55	33.97	1,827	81.9	493
Febr. ...	12,744	1,234	122.0	1,880	3,245	3.2	45.62	34.03	1,696	83.1	473
March ..	14,046	1,416	123.3	2,587	3,888	3.8	46.10	34.31	1,121	87.5	557
April ...	11,794	1,288	122.3	2,022	3,489	3.4	47.14	35.50	870	90.3	421
May	12,298	1,378	124.3	2,177	3,790	3.7	48.12	36.07	649	92.4	464
June....	11,820	1,328	121.0	2,308	3,709	3.7	48.31	36.18	541	93.1	427
July	12,653	1,362	121,0	2,404	3,905	3.7	48.32	36.18	452	93.9	428
Aug.....	12,998	1,432	121.9	2,546	4,059	3.9	48.23	36.12	404	94.4	407
Sept. ...	12,710	1,375	126.9	2,845	4,086	4.0	48.16	36.11	356	94.9	260
Oct.	13,095	1,414	125.0	3,333	4,326	4.2	48.35	36.32	340	95.1	445
Nov.....	12.864	1,401	129.3	3,597	4,156	4.2	48.48	36.42	605	92.1	574
Dec.....	13,239	1,368	126.5	4,329	3,811	4.3	48.57	36.49	1,188	86.4	619
1928											
Jan.....	13,421	1,469	127.8	2,680	3,541	4.5	48.96	36.91	1,333	88.0	766
Febr. ...	12,926	1,322	129.2	2,258	3,584	4.0	49.07	37.00	1,238	88.8	699
March ..	14,118	1,420	128.1	2,963	4,069	4.7	49.16	37.08	1,011	90.0	791
April ...	11,715	1,159	124.6	2,264	3,439	4.1	49.99	37.77	729	92.2	614
May	11,932	1,249	121.5	2,550	3,727	4.3	51.32	38.76	630	92.6	692
June....	11,833	1,296	118.8	2,951	3,844	4.4	51.40	38.85	617	92.5	702
July	12,483	1,314	117.5	2,632	3,917	4.3	51.42	38,86	564	92.2	655
Aug.....	13,021	1,329	117.8	2,871	4,083	4.5	51.53	39.26	574	91.9	552
Sept. ...	12,157	1,190	117.2	3,905	4,036	4.3	51.71	39.82	577	91.9	530
Oct.	13.311	1,306			4,375	4.7	52.10	40.17	671	91.2	685

Since January, 1928, the Institut für Konjunkturforschung has ceased to publish special index numbers for the production of basic materials and the production of the finishing industries. On the other hand the weekly wages of skilled and unskilled workmen as fixed by wage agreements and the figures for industrial activity are now included for the first time.

The conclusions permissible with regard to the general business situation from an examination of the movement of goods and payments fit the case. The increase in turnover observed in 1927 as compared with 1926 has since either become much slower or has come to a standstill. In considering these data, especially those relating to the figures of payments, the increase of prices, cost of living and wages must be taken into account.

The effect of this change in the conjuncture on the position in regard to "liquidity" has not hitherto been great. It is true that the figures of bills drawn, as shown by the returns of the Bill Stamp Duty, are of a rather higher level than in the previous year: but the bill protests (which are not included in the table on page 26) after an initial increase have fallen again since April 1928. In the last few months, however, they have risen a little. During the period under report the amount of credits allowed by the banks has further increased.

The figures for insolvencies are somewhat higher than in 1927, but here also the tendency has been downward during the last few months as in the case of "compulsory composition" (Vergleichsverfahren). October again shows a somewhat higher figure. The reorganisation of legislation in this connection, which took effect as from October, 1927, makes it somewhat difficult to compare in figures the present situation with the past.

With regard to the general development of the profit-earning capacity of Germany's economy, it may generally speaking be said that, in spite of all the differences existing in this respect between the various branches of industry and between the individual undertakings in each branch, the spread between the prices for finished industrial goods and the prices for industrial raw materials and semi-manufactured goods has steadily increased, but that on the other hand the wage level has also risen uninterruptedly. These data should only, however, be utilised with extreme caution; and the same applies to an even greater extent to the rather stable index figures of share quotations which are the result of so many other factors.

Of the factors which characterise the period under report, labour difficulties in particular deserve special mention to a greater extent even than was the case in the last interim Report. There have been several labour disputes recently which in some cases led to serious strikes and lock-outs. The labour conflict in the iron and steel industry of North West Germany, which affected some 220,000 workers, has already been mentioned. In addition a strike has been in progress since October 1, 1928, in the German shipping yards, which affects some 45,000 wrokers. The system of compulsory arbitration which, especially during the period when the German wage level was still lower than it is at the present moment, greatly assisted the amicable solution of such disputes, has not sufficed always during the last few months to prevent them.

b. Movement of prices.

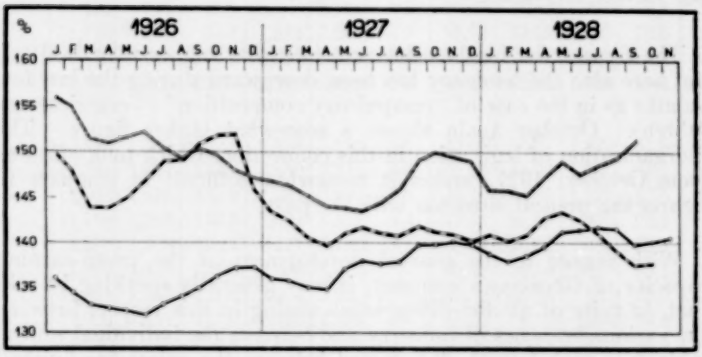
Diagram VI and Annex E show the indices of the wholesale trade prices in Germany (Statistical Office of the Reich), Great Britain (Board of Trade) and the United States (Bureau of Labour Statistics). The year 1913 has now been taken as the basis of the three curves; the American figures, which since December, 1927, have been based on 1926, have been correspondingly converted.

Although the adoption of 1913 as a basis has increased the possibility of comparing the indices, it must nevertheless be noted that the curves and figures are comparable not so much in respect of their absolute amounts as in respect of their general trend.

Diagram VI.

Index numbers of wholesale prices for Germany, England and the United States.

(1913 = 100)



Germany,
England,
United States.

The Diagram shows that the indices are to a certain extent parallel during the period under report. An upward tendency is noticeable during the third quarter of 1927 in all three, and is most noticeable in the index of the United States. There followed a downward tendency in the last quarter of 1927, which continued for some time during the beginning of 1928, to be followed by a renewed upward movement. The index figures of Great Britain and the United States fell in June, 1928, whereas Germany's figure remained at about the same level until and including the month of August, 1928, after which date it showed slight fluctuations. The United States index, however, has again risen.

An examination of the German price curves during the years 1926/28 reveals a similar movement of the curve throughout the year, the level in 1927 being somewhat higher than in 1926, whilst the 1928 level is in its turn higher than that of 1927.

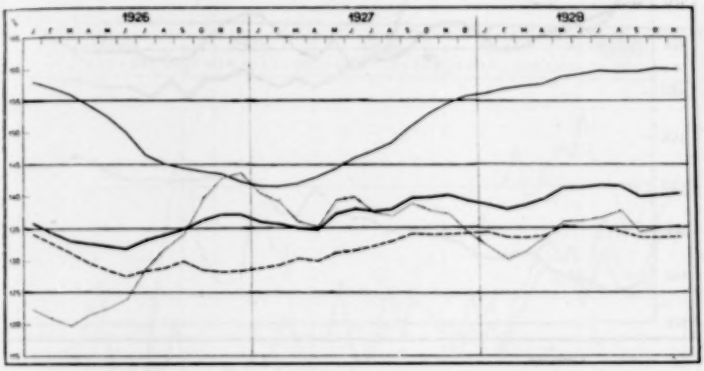
Diagram VII and Annex F give detailed information as to the price movement in Germany. The figures are significant in many respects. The first noticeable point is the very slight changes in the

group index of industrial raw materials and semi-manufactured goods—and more especially that of industrial finished goods—on the one hand, as compared with the fluctuations to be noted in the index of agricultural goods on the other hand, a fact revealing clearly the influence of the widespread system of industrial cartels.

Diagram VII.

Index numbers of German wholesale prices.

(1913 = 100)



General index,
Agricultural products,
Industrial raw materials and half-finished goods,
Industrial finished goods.

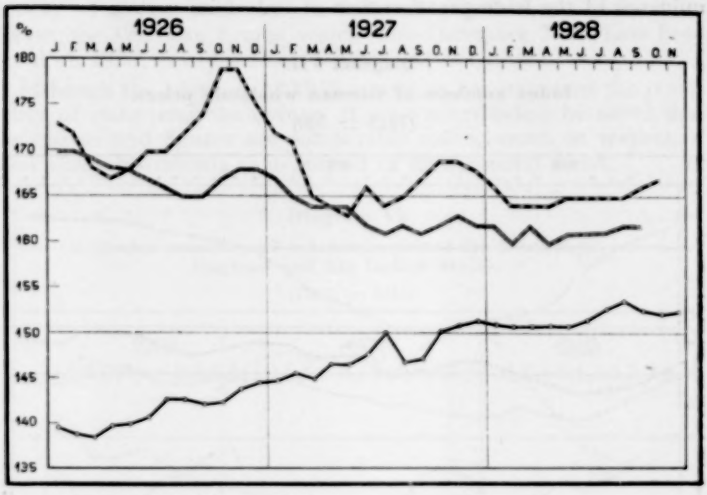
The figures for agricultural products include cereals and other vegetable foodstuffs as well as cattle and products derived from cattle. As the movement of prices in the various groups very often shows contradictory tendencies, the fluctuations in the total index for agricultural products are less than in the individual groups comprehended in the index. The heavy falling off in the prices of cereals, in particular during the second half of 1927 an more especially the second half of the current year, is only slightly noticeable in the curve.

The index for industrial raw materials and semi-finished goods and the index of industrial finished goods reveal the fact that the difference between the two sets of figures has steadily increased since the beginning of 1927 and has already exceeded the appreciable spread noted at the beginning of 1926. This is chiefly due to the fact that the prices of finished goods have greatly increased since the beginning of 1927. This increase gradually ceased during the present year, and the level has not altered during the last few months. On the other hand during the latter period the prices of industrial raw materials and semi-finished goods have fallen.

Of the group of industrial finished goods, consumption goods have generally speaking risen in price to a greater degree than means of production.

Diagram VIII.

Index numbers of cost of living for Germany, England and the United States.



The development of the index of the cost of living in Germany is also significant, compared with the figures for Great Britain and the United States. Whereas the cost of living in those two countries fell appreciably down to 1927 but has to a certain extent remained stable since that date, the figures for Germany reveal a steady if slow rise, although the level of prices, compared with 1913, is in Germany still below that of the aforesaid two countries. The chief cause of this (the gradual rise in the German price level and the fact that it is nevertheless still lower than in those countries) is the Government control of rents which is still maintained in Germany. The obligatory rent, which amounted to 84 per cent of the pre-war rent at the beginning of 1926, has been increased to 120 per cent; but this percentage does not by any means correspond to the rise in the cost of building as compared with pre-war days. Furthermore the cost of food in Germany has shown a steady upward tendency during the last few years.

c. Balance of trade.

Diagram IX shows the development of import and export figures together with the balance of imports and exports since the beginning of 1924.

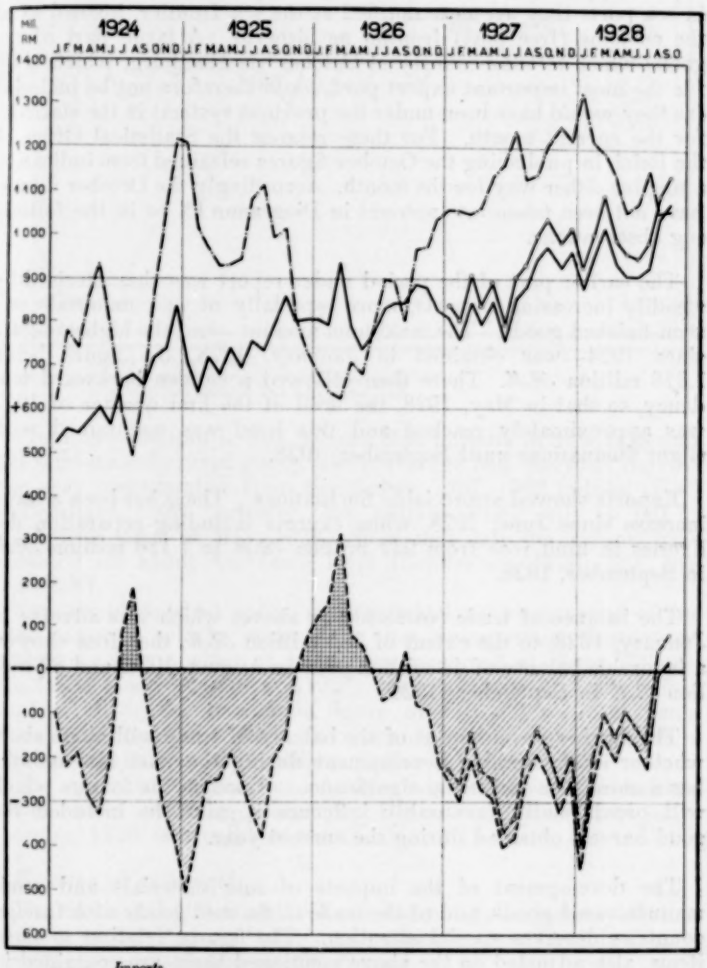
The figures, which are contained in the Diagram and are given in Annex H, are calculated on the basis of the official figures, the

latter being adjusted in accordance with the practice of the Statistical Office of the Reich by increasing the export figures by 1,5 per cent and decreasing the import figures by 3 per cent.

On October 1, 1928, a new law (of March 27, 1928) on the statistics of trade with foreign countries came into force. The main

Diagram IX.

Germany's imports and exports.



Imports,
Exports including deliveries in kind,
Exports without deliveries in kind,
Balance of trade including deliveries in kind,
Balance of trade without deliveries in kind.

object of this new legislation is to bring the statistics, hitherto based in part on conjecture, more into line with the actual facts. At the same time various technical changes were made, with the result that the figures for October, the first month to which the new system applies, do not admit of comparison with previous months or conclusions of any kind. On the one hand the imports for October appear to be higher, for the reason that the notification of the imported goods on the basis of statistical declaration forms (instead of on the basis of the customs papers, as hitherto) has accelerated their inclusion in the statistics. On the other hand exports appear to be lower than they really were for the reason that in sea ports they are now notified at the sea frontier, instead of at the customs (free port) frontier as hitherto. A large part of the goods which left the country in October via Hamburg, which is by far the most important export port, could therefore not be included (as they would have been under the previous system) in the statistics for the current month. For these reasons the Statistical Office of the Reich in publishing the October figures refrained from indicating a surplus either way for the month. Accordingly the October figures have not been taken into account in Diagramm IX or in the following observations.

The earlier part of the period under report was characterised by steadily increasing imports, more especially of raw materials and semi-finished goods. The maximum amount—and the highest figure since 1924—was obtained in January, 1928, the figure being 1,316 million ℛ𝑀. There then followed a sudden backward tendency, so that in May, 1928, the level of the first quarter of 1927 was approximately reached and this level was maintained with slight fluctuations until September, 1928.

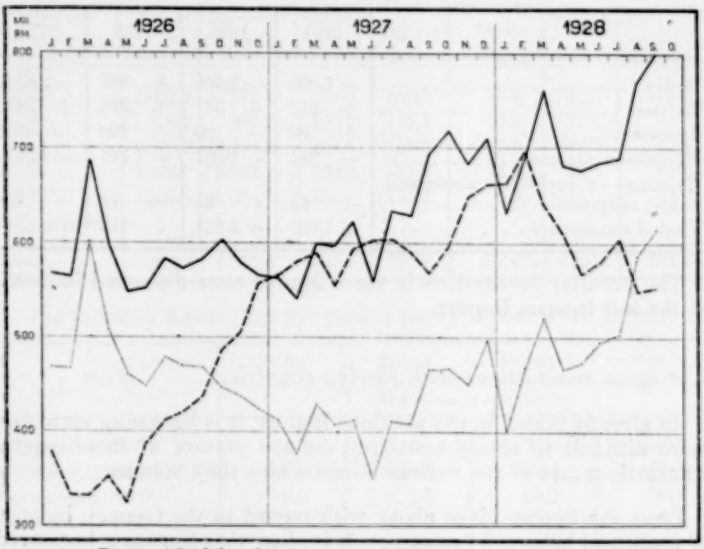
Exports showed appreciable fluctuations. There has been a large increase since June, 1928, when exports including reparation deliveries in kind rose from 947 million ℛ𝑀 to 1,136 million ℛ𝑀 in September, 1928.

The balance of trade (corrected as above) which was adverse in January, 1928, to the extent of 388 million ℛ𝑀, therefore showed a favorable balance of 44 million ℛ𝑀 in August, 1928, and 82 million ℛ𝑀 in September, 1928.

The further development of the balance of trade will alone show whether its favourable development during the past few months has a more than incidental significance. Amongst the factors which will provisionally favourably influence it, must be included the good harvest obtained during the current year.

The development of the imports of raw materials and semi-manufactured goods, and of the trade in finished goods with foreign countries deserves special attention. The figures relating to these items, also adjusted on the above mentioned basis, are contained in Annex J and given in Diagram X. With regard to the finished goods, the figures for the surplus of exports over imports are given in addition to the figures for exports.

Diagram X.
Imports of raw materials and half-finished goods and exports of finished goods.



——— *Exports of finished goods,*
Excess of exports over imports of finished goods,
– – – – *Imports of raw materials and half-finished goods.*

From the diagram it will be seen that imports of raw materials and semi-manufactured goods which average half the total imports rose very considerably from September, 1927, (568 million ℛ*M*) to February, 1928, inclusive (696 million ℛ*M*), only to fall to 567 million ℛ*M* in May, 1928. Since that date the imports have remained on about the same level (September, 1928: 551 million ℛ*M*).

Exports of finished goods (approximately three-quarters of the total exports) which, apart from not unimportant fluctuations during the first quarter of 1928, have remained at about 700 million ℛ*M* since September, 1927, show a steady increase since August, 1928, the maximum figure of 801 million ℛ*M* being attained in September, 1928, as compared with 693 million ℛ*M* in September, 1927, and 582 million ℛ*M* in September, 1926.

The curve of the surplus of exports over imports of finished goods shows a similar tendency. The advance made here since January, 1928, is even more favourable.

d. Balance of payments.

The Statistical Office of the Reich has not published any further estimate of the German balance of payments since the information already given in our last interim Report.

Consequently we merely repeat the figures for the years 1924/27, and again point out that attempts to calculate balances of payments are naturally based for the greater part on estimates.

Surpluses (+) and deficits (−) of the German balance of payments from 1924 to 1927
(in millions of reichsmarks)

	1924	1925	1926	1927
Trade	− 1,803	− 2,400	+ 837	− 2,854
Services	+ 212	+ 321	+ 316	+ 344
Interest	+ 80	− 90	− 200	− 430
Reparation payments	− 284	− 1,057	− 1,191	− 1,584
Transfers of capital by immigrants and emigrants	− 65	− 85	− 75	− 70
Capital transactions	+ 1,860	+ 3,311	+ 313	+ 4,594

The peculiar fluctuations in these figures were discussed in detail in the last interim Report.

e. Capital transactions with foreign countries.

As already stated in the previous Report, it is becoming more and more difficult to obtain a sharply defined picture of these capital transactions and of the various forms which they assume.

From the figures given above with regard to the German balance of trade and balance of payments it is clear that Germany borrowed much more from abroad during the period under report than she lent. As already stated, the Statistical Office of the Reich estimates the deficit of the balance of payments for the calendar year 1927 at approximately 4.6 milliard *RM*, 4.1 milliard *RM* of which, it reckons, are covered by capital imports. The year 1928 again has so far shown a big deficit in the chief element of the balance of payments, viz. the trade balance, to the extent of 1,093 million *RM* (to September inclusive); but this deficit is much smaller than that of the corresponding period of the previous year (2,101 million *RM*).

The following table shows the German loans issued abroad during the years 1924-1928:

German loans issued abroad
(Nominal amounts converted into millions of reichsmarks)

Year	Public	Mixed [1]	Private	Total
1924	937.6	—	64.5	1,002.1
1925	612.3	172.4	469.2	1,253.9
1926	715.0	229.1	730.9	1,675.0
1927	371.7	555.1	647.9	1.574.7
1928 (11 months)	521.4	523.0	466.3	1,510.7
Total [2]	3,158.0	1.479.6	2,378.8	7,016.4

[1] Loans under this heading are loans contracted by public bodies but devoted to objects similar to those of private loans, so that they do not come under either public or private loans.
[2] Leaving out of account amortisation and reimbursement.

The above loans are distributed over the individual countries as follows:

Year	Total	United States of America	Holland	Great Britain	Switzerland	Sweden	Other European countries
1924	1,002.1	512.4	51.3	250.5	56.6	28.2	103.1
1925	1,253.9	927.2	120.1	122.4	67.6	16.6	—
1926	1,675.0	1,184.3	204.1	131.5	47.5	40.2	67.4
1927	1,574.7	1,062.7	230.9	153.3	46.5	32.5	48.8
1928 . . . . (11 months)	1,510.7	1,064.8	201.0	135.3	53.8	11.5	44.3
Total	7,016.4	4,751.4	807.4	793.0	272.0	129.0	263.6

The monthly figures for the period under report were as follows:

Month	Public	Mixed	Private	Total
	(in millions of reichsmarks)			
September, 1927	21.0	11.1	130.4	162.5
October, 1927	147.0	253.5	97.4	497.9
November, 1927	3.5	1.0	84.0	88.5
December, 1927	—	0.4	—	0.4
January, 1928	84.0	2.9	—	86.9
February, 1928	14.3	80.4	13.0	107.7
March, 1928	17.9	39.8	124.1	181.8
April, 1928	33.6	14.3	26.2	74.1
May, 1928	227.3	130.0	73.5	430.8
June, 1928	38.1	148.4	62.8	249.3
July, 1928	4.6	1.4	—	6.0
August, 1928	—	4.4	—	4.4
September, 1928	23.5	86.7	3.8	114.0
October, 1928	20.4	1.0	7.5	29.0
November, 1928	57.7	13.6	155.4	226.7

A few years ago the figures for these issues might be said to give a fairly accurate idea of the total long-term capital transactions with foreign countries. This is, however, becoming less the case from year to year. The sharp distinction between internal and external loans is disappearing more and more. Large amounts of reichsmark and gold mark bonds (more particularly mortgage bonds) issued in Germany have been placed abroad. Furthermore, an increasing inclination is noticeable in various countries to take a hand in the German share market. There are no figures available; but from observation it may be taken that, on the whole, large amounts are involved.

On the other hand quite appreciable amounts of German loans sold abroad would appear to have been repurchassed on German account during the past few years. The amortisation and redemption payments also begin gradually to be more considerable. In ad-

dition, various foreign shares have been admitted to the German stock exchanges.

The monthly figures for German loans issued abroad show a very irregular development. This is due in some degree to the contracting of certain particularly big loans—for example in October, 1927, the loan of the Rentenbank-Kreditanstalt, the Prussian State loan, and the loans of the Commerz- und Privatbank and of the Deutsche Landesbankenzentrale amounting to 50, 30, 20 and 10million dollars respectively; in May, 1928, the loans of the Rentenbank-Kreditanstalt, the Deutscher Sparkassen- und Giroverband, the City of Berlin and the A. E. G. amounting to 25, 17.5, 15 and 10 million dollars respectively; and in June, 1928, the loan of the Deutsche Landesbankenzentrale amounting to 25 million dollars—as a result of which the figures for the months in question were unusually large. It is due also to the weakening power of absorption of foreign countries for such loans which was apparent last summer, more particularly in the case of America. The foreign loans concluded during the last few months have principally been placed in Great Britain.

This reduced power of absorption is one of the reasons for the temporary loss of importance of the Advisory Board. In previous Reports we have discussed at length the origin and activities of the Advisory Board, and it is therefore sufficient to state here that the fundamental lines of its activities have not been modified since then. Requests for permission to issue loans are being submitted in smaller numbers than formerly; and now that the terms for foreign issues have become more difficult, it is natural that the Advisory Board should be paying special attention to this aspect of the case.

The table compiled by the Statistical Office of the Reich with regard to the distribution of the total foreign loan indebtedness of Germany as between the several borrowers at the close of 1927 was reproduced in the last interim Report on page 35. No later figures have been published by the Statistical Office of the Reich, and reference may be made back to the table in question.

In this connection mention may also be made of a calculation of the Institut für Konjunkturforschung, according to which the proportion of foreign loans to the total new long-term indebtedness of Germany since the stabilisation of the currency amounted on June 30, 1928, to 25.7 per cent.

What has been said of Germany's long-term capital transactions also applies to her short-term credit transactions with foreign countries. The relations between the German money markets and foreign countries have gradually but considerably increased in volume and variety, and the numbers of those who are in regular short-term credit relations with other countries, outside of the money market, has increased.

It is clear that it is becoming more and more difficult owing to the growing complexity of short-term credit relations to arrive at any exact figures of the total amount of these transactions and the resulting actual indebtedness of Germany. All that is available is a few estimates of old date, which have already been referred to in our previous Reports.

At the meeting of the Budget Committee of the Reichstag on October 27, 1927, Dr. Curtius, the Minister of Economic Affairs of the Reich, gave a total of 3.6 milliard *RM* as the amount of the net short-term indebtedness of Germany, whilst Dr. Schacht, the President of the Reichsbank, submitted data showing that in his opinion the short-term indebtedness was greater at that date.

Last year's Report contained a reference to a publication of Herr Dreyse, the Vice-President of the Reichsbank, from which it appears that the net amount of the short-term foreign indebtedness of the banks and leading private bankers on April 30, and June 30, 1927, was round about 2 milliard *RM*. Since March, 1928, the banks which publish interim balance sheets have supplied the Reichsbank with similar information in regard to foreign claims and indebtedness at the end of every quarter of the calendar year. It has, however, been expressly arranged that no figures will be published for individual banks, nor has there been any general publication of the total figures.

In so far as conclusions can be drawn from the development of the figures for the six leading Berlin banks given on page 42, and especially from the changes in the balances with other banks, it may be assumed that the foreign indebtedness of the banks increased during the second half of 1927 and increased still further during the current year.

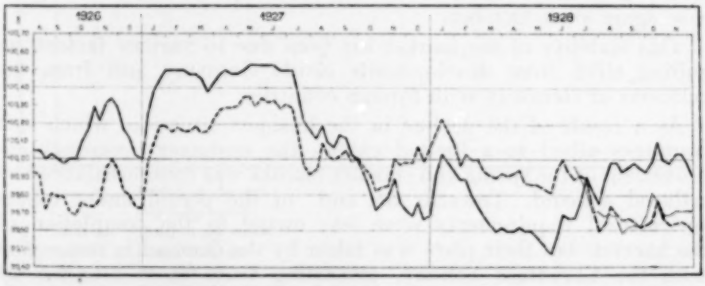
It is mainly in connection with the short-term capital transactions of Germany with foreign countries that the movements of the exchange market, which are discussed in the next section, have taken place.

f. Movements of the rates of exchange.

Diagram XI shows the movements of the pound sterling and the dollar as from August 23, 1926, the date on which the dollar exchange ceased to be pegged by the Reichsbank at 4.20 *RM*. The French franc has also been included from June 25, 1928, the date on which it was stabilised. The rates are expressed in percentages of parity and can therefore be compared one with another. The figures are given in the Annex J.

Diagram XI.

Sterling, dollar and French franc rates on the Berlin Bourse.
(weekly averages in percentages of parity)



— *Dollar,* --- *Pound sterling* ····· *French franc.*

They show that the important fluctuations on the international exchange market during the past year have had very little effect on the position of the reichsmark. Apart from a minor break in January, 1928, affecting only the sterling exchange, the reichsmark has steadily maintained a favourable position since October, 1927, not only in relation to the two (and later to the three) foreign currencies mentioned, but also in relation to the currencies of nearly all countries whose currency is noted on the world market.

These fluctuations find expression in the preceding diagram in the change in relation of the dollar to the pound sterling. The premium on sterling in relation to the dollar since October, 1927, disappeared in July, 1928, for well-known reasons, the origin of which is to be sought primarily in the United States. The tension on the New York money market together with the repeated increases in the American discount rate have resulted in heavy movements of capital, which have been reflected on the exchange market in a rise in the value of the dollar. The resulting pressure on the pound sterling has led to the export of gold from London—in contradistinction to the previous period when America was exporting gold in quite considerable amounts—and owing to the favourable position of the reichsmark much of this gold has found its way to Germany.

That the reichsmark was able to maintain its favourable position is to be attributed primarily to the much higher rates of interest still ruling in Germany, which still attract liquid foreign capital and has resulted in the foreign balances which have been withdrawn as a result of events in New York, being replaced by other short-term credits, more particularly from France.

g. Money market.

The general rising tendency of rates on the money market, which has been noticeable since February, 1927, continued until the end of the calendar year. In the new year, as in the previous years, a relapse set in, but only lasted for a few months. There was again a rise in March, which, however, (especially in the case of month to month money) was sligther than the previous fall. This movement was discussed in detail in the interim Report published in June, 1928.

Since then the money market has remained stable to a greater extent than has been the case since 1924. Only month to month money gradually stiffened, towards the midle of the year only to ease again since October.

This stability of the market has been due to various factors resulting alike from developments inside Germany and from the relations of Germany with foreign countries.

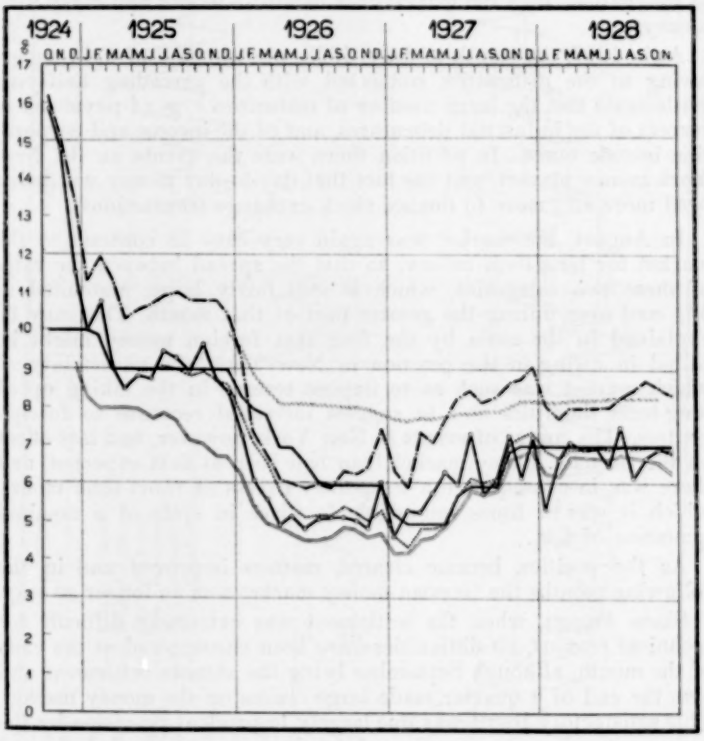
As a result of the decline in the business situation, which still continues albeit to a limited extent, the customary seasonal improvement of the spring and summer months was counterbalanced by reduced demand. Towards the end of the period under report agricultural requirements were less owing to the completion of the harvest; but their place was taken by the demand in connection with the Christmas holiday, emanating from those branches of industry which supply articles of consumption.

Owing to the general rise in interest rates observable since the summer in a number of countries, especially America, the difference between the high German level and the level in the principal lending countries has been reduced. It is however still large enough to continue to attract foreign money, so that the inflow of capital into Germany is still large, although not so extensive as formerly.

We have already remarked that at the same time there has been a re-shuffling in the parts played by the various lending countries, and that France in particular has come to the front. An appreciable percentage of foreign capital still continues to find its way to the German money markets, and a part of the long-term borrowings is also very often so placed provisionally.

Diagram XII.

Money rates in Berlin.
(monthly averages)



Reichsbank discount,
Day-to-day money,
Money at one month,
Private discount,
Bills with a bankers' endorsement,
Yield of 8% mortgage bonds.

The rise in the rates of *month to month money* which began in July, 1928, and lasted till October, may be taken as a direct reflection of the rise in the rate of interest in New York and other foreign centres. Extensive recourse has also been had to this market by the communes, as a result no doubt of the increasing difficulties experienced in floating long-terms loans. The fact that month to month money is again quoted at 8 per cent and less, as in the second quarter of 1928, is a satisfactory feature.

The quotations for *carry-over money,* which is in the main employed to finance stock exchange transactions, remained fairly stable. They too rose as from July and reached their maximum, viz $8^1/_2$—9 per cent, during the latter half of September. Since the abolition of fortnightly settlements as from October 1, 1928, carry-over money has been given for periods of four weeks; the quotations remained since that day at $8^1/_4$—$8^3/_4$ per cent.

The above-mentioned factors also make themselves felt on the market for *day-to-day money* which is naturally much more subject to fluctuations than the markets for month to month and carry-over money.

As in 1927, the month of July, 1928, was a period of tight money owing to the difficulties connected with the preceding half-year settlements and the large number of maturities e. g. of payments in respect of the industrial debentures, and of the income and corporation income taxes. In addition there were the events on the New York money market, and the fact that day-to-day money was being used more and more to finance stock exchange transactions.

In August, the market was again very easy in contrast to the market for long-term money, so that the spread between the rates of these two categories, which is still fairly large, amounted to 3 % and over during the greater part of that month. This may be explained in the main by the fear that foreign money might be called in owing to the position in New York, the uncertainty of which market was such as to impose reserve in the taking up of long-term liabilities and to suggest increased recourse to foreign centres. The course of events in New York, however, had less effect on the German money market than had been at first expected, and there was in consequence a temporary excess of short-term money which it was at times impossible to place in spite of a nominal quotation of 4 %.

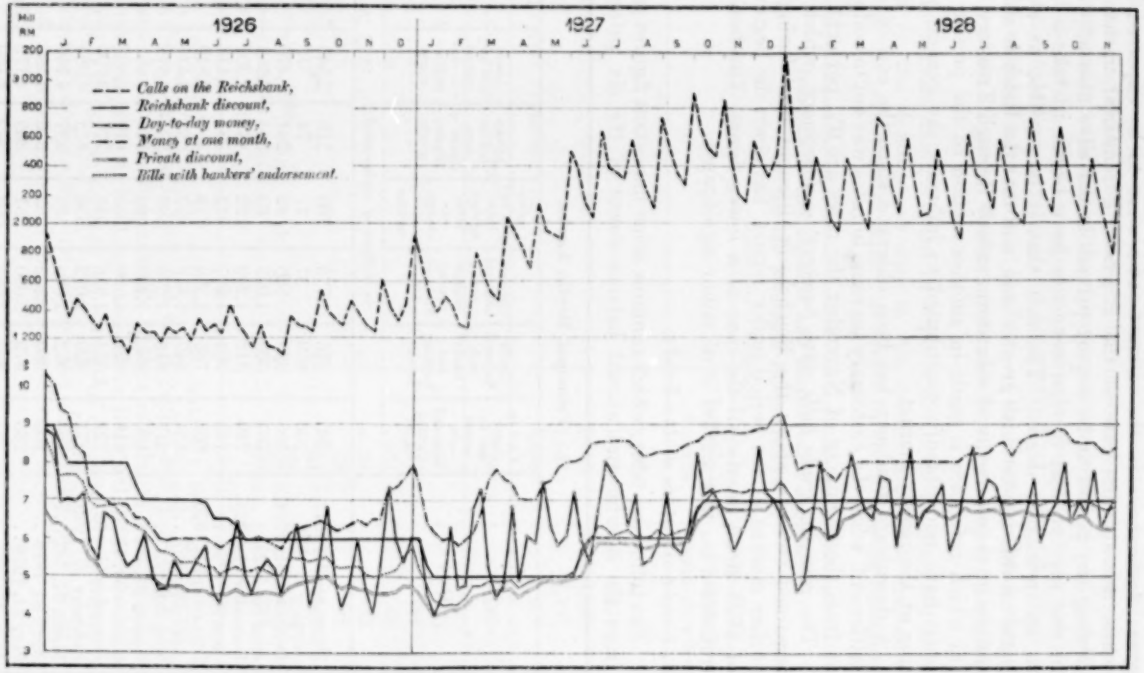
As the position became clearer, matters improved and in the following months the German money market was no longer so easy.

Since August, when the settlement was extremely difficult for technical reasons, no difficulties have been encountered at the ends of the month, although September being the autumn settlement and also the end of a quarter made large claims on the money market. This satisfactory result was due largely to prudent provision by the borrowers, adequate supplies of foreign currency and improved financing of the harvest.

It may be observed that particularly in October and November about the middle of the month a considerable stiffening of the money market made itself felt.

Diagram XIII.

Money rates in Berlin (weekly averages) and calls on the Reichsbank.



The *private discount market* is also stable. As it is chiefly the Reichsbank and the Golddiskontbank who take up private discounts for the investment of the public monies deposited with them, no great fluctuations in the interest rates were to be expected here while the discount rate of the Reichsbank remained unchanged. During the period under report private banks have also appeared in this market, and foreign countries have begun to take a hand to an increasing degree. The fact that it is possible to obtain loans on this market with greater ease, and that the Reich is able to satisfy its requirements of short-term money through Treasury bills (to which reference is made in another section of the present Report) have undoubtedly contributed to influence the general position of the money market.

A downward tendency has been observed since the end of July settlement, when the customary increase in rates was not introduced; as from the beginning of November the rates are $6^1/_4$ per cent.

The rate for *trade bills with bankers' endorsement,* which had remained steadily above the Reichsbank discount rate during the earlier months of the period under report, has since the beginning of 1928 stood nearly all the time at a lower figure. The business transacted on this market is of minor significance.

h. Credit situation of the banks.

The following table, which contains some important figures taken from the interim and annual balance-sheets of the six principal

Principal Berlin banks							
Date	Cash in hand and balances with issue and clearing banks	Credit balances with banks and banking houses	Cheques, bills and non-interest bearing Treasury bills	Contangoes and loans against stock exchange securities	Advances on consigned or bonded goods	Loans and advances on current account	Deposits
	(in millions of reichsmarks)						
December 31, 1913..	360	326	1,776	760	510	2,949	4,852
January 1, 1924....	106	459	37	17	74	518	1,058
December 31, 1924..	195	629	860	42	261	1,478	3,187
June 30, 1925.....	167	609	1,095	69	344	2,252	4,127
December 31, 1925..	249	642	1,249	122	443	2,301	4,514
June 30, 1926.....	145	703	1,397	312	351	2,413	4,857
December 31, 1926..	262	786	1,556	718	457	2,849	5,960
April 30, 1927	184	849	1,413	857	553	3,417	6,552
June 30, 1927.....	217	843	1,373	587	554	3,519	6,409
August 31, 1927....	189	880	1,429	592	545	3,651	6,600
October 31, 1927 ...	216	921	1,509	531	619	3,892	6,872
December 31, 1927..	327	1,034	1,858	531	776	3,796	7,493
February 29, 1928..	171	920	2,022	536	815	4,084	7,737
March 31, 1928	194	952	2,066	534	827	4,140	7,844
April 30, 1928	209	950	2,112	582	876	4,183	8,091
May 31, 1928.....	236	979	2,090	651	899	4,179	8,225
June 30, 1928.....	227	930	2,081	668	949	4,160	8,201
July 31, 1928.....	229	975	1,984	635	964	4,323	8,229
August 31, 1928....	180	944	2,016	630	1,023	4,338	8,293
September 29, 1928..	223	1,013	2,189	649	1,052	4,366	8,636
October 31, 1928 ...	210	1,016	2,332	631	1,146	4,431	8,923

Berlin banks submitting regular reports, gives an idea of the development of the latter during the period under report. Some figures from previous years are also included for comparison. The table now shows the cash in hand and balances with banks of issue and clearing banks, and the credit balances with other banks. Loans and advances with and without cover are combined; deposits show only the totals. This arrangement makes it possible to compare the balance sheet figures before and after March 31, 1928, the date on which changes were made in the form of the interim balance sheets. The nature of these changes was discussed in the last interim Report.

The almost uninterrupted increase which may be observed since 1924 in the deposits, as also in the credits accorded, continued during the period under report, as shown by the following combined totals:

Increase in the deposits and total credits accorded by the six principal Berlin banks

(in millions of reichsmarks)

Date	Increase in deposits	Increase in credits accorded
1924	2,129	1,995
1925	1,327	1,474
1926	1,446	1,465
1927	1,533	1,381
1928 (first 10 months)	1,430	1,579
Monthly average in 1927	128	115
March, 1928	107	110
April, 1928	247	186
May, 1928	134	66
June, 1928	— 24	39
July, 1928	28	12
August, 1928	64	137
September, 1928	343	249
October, 1928	287	284

In June and July the increase was certainly very slight, and in June there was even a decline in the deposits: but there was a fresh increase in the following months, so that on balance it is improbable that the extension of banking business in 1928 will be any less than in 1927, whether as regards the volume of deposits or the volume of credits accorded. In the first ten months of 1928 the increase in the credits accorded exceeded the increase of each of the three previous years.

The following observations may be made with regard to the separate items of the above summary of balance sheets.

The item "Cash in hand and balances with issue and clearing banks" has not altered much.

"Contangoes and loans", which fell appreciably after the occurrences in May, 1927, did not again show any considerable increase until April and May, 1928, when a certain revival of activity on the stock exchange took place. They rose still further in June, but sank once more in the following months.

Of the various forms of credit, the item "Advances on goods" shows proportionately the biggest increase.

Balance sheets of German credit banks as at October 31, 1928

	6 principal Berlin banks	97 Credit banks (including 6 principal Berlin banks)	21 State and provincial banks	17 Giro-zentralen
	(in millions of reichsmarks)			
Cash balances, foreign currency and coupons	101.8	145.4	13.6	7.9
Credit balances with banks of issue and clearing banks	107.7	145.6	13.5	5.9
Cheques, bills and Treasury bills	2,332.4	3,072.5	406.2	145.2
Credit balances with other banks	1,016.4	1,420.4	588.5	403.6
Contango loans and other loans against collateral	630.7	822.9	169.7	41.2
Contango loans only	437.0	518.1	20.6	19.3
Advances on goods	1,145.8	1,532.8	7.3	6.0
Loans and advances on current account together	4,430.9	6,624.8	1,584.0	957.0
Amounts of the same representing credits to banks	265.3	458.9	388.3	262.6
Amount of total covered by stock exchange securities	1,155.3	1,481.8	107.8	38.1
Amount of total covered by other securities	2,090.0	3,433.8	1,249.9	543.9
Amount of total uncovered	1,185.6	1,709.2	226.3	375.0
Share capital	527.0	1,039.5	96.5	176.3
Reserves	253.4	406.7	35.2	29.7
Deposits together	8,923.0	12,424.0	2,831.0	1,768.7
a) Drawn on by customers in favour of third parties	1,057.6	1,442.7	5.8	4.3
b) German banks, banking firms, etc.	1,034.1	1,541.4	1,017.6	1,233.2
c) Other deposits	6,831.3	9,439.9	1,807.6	531.2
Of b) + c) the following amounts are payable:				
within seven days	3,086.5	4,295.6	773.7	745.6
seven days to three months	4,384.9	5,842.6	1,469.3	730.0
after more than three months	394.0	843.1	582.1	288.8
Acceptances	399.2	593.7	13.5	—

The acceptance business has not developed to any great extent. On October 31, 1928, some ℛℳ 399 millions of acceptances had been issued, as against ℛℳ 381 millions at the end of August, 1927, and ℛℳ 1,260 millions at the end of October, 1913.

The long-term loans taken up by two banks remained at the same figure of ℛℳ 189 millions.

The contingent liabilities, which have been published since March, 1928, have remained since that date round about the sum of ℛℳ 1 milliard.

The table on the preceding page contains the principal figures of the most recent interim balance-sheets published by all the banks regularly issuing reports; the banks are divided into groups, and the table shows clearly the respective positions of the private (columns 1 and 2) and public (columns 3 and 4) banks in Germany. The last interim Report contained a similar table based on the first interim balance-sheets issued after the new regulations of March 31, 1928, and we would refer to this table for purposes of comparison.

The normal rates of the Association of Berlin Banks and Bankers (Stempelvereinigung) have not been modified since the discount rate of the Reichsbank was raised to 7 per cent on October 4, 1927, with the one exception of the credit interest paid on money for 15—30 days, which was reduced by one quarter per cent to $5^3/_4$ per cent in January, 1928.

Reichsbank discount rates and normal rates of the Association of Berlin Banks and Bankers

Date	Reichsbank discount	Charges on accommodation in current account	Commission on advances	Charges for accommodation + commission on advances	Interest on daily deposits without commission	Interest spread
	Annual percentage					
August 31, 1924	10	12	6	18	6	12
August 31, 1925	9	11	3	14	5	9
August 31, 1926	6	7	2.4	9.4	3	6.4
August 31, 1927.....	6	7	2	9	3.5	5.5
November 30, 1928..	7	8	2	10	4	6

The Stempelvereinigung decided in agreement with the Bedingungsgemeinschaft der Privatbankiers to authorise as from the beginning of October, 1928, a reduction of the commission rates for the prolongation of time commitments. The commission charged by Berlin banks for contangoes has been reduced under this decision from 1.5 per 1,000 in the case of bankers and 3 per 1,000 in the case of outsiders per month to 1.25 and 2.5 per 1,000 respectively.

i. Capital market.

The following table, taken from the publications of the Statistical Office of the Reich, shows the German inland issues in the years 1924-1928. The figures already given on pages 34 and 35 with regard to the German loans issued abroad are added for comparison.

German issues		
Period	in Germany	Abroad
	in millions of reichsmarks	
1924	621	1,002
1925	1,655	1,254
1926	4,333	1,675
1927	4,285	1,575
1928 (10 months)	3,671	1,284

The monthly figures for the period under report were as follows:

Month	In Germany					Abroad Total
	Bonds			Shares	Total (including bonds of private companies)	
	Bodies of public law	Public utility undertakings	Mortgage banks			
1927	(in millions of reichsmarks)					
August	5	—	122	65	196	156.7
September	—	—	106	62	168	162.5
October	—	—	74	109	183	497.9
November	—	1	157	86	245	88.5
December	—	—	133	115	253	0.4
1928						
January	1	1	354	50	413	86.9
February	38	202	164	102	507	107.7
March	44	2	198	49	319	181.8
April	90	15	164	126	396	74.1
May	111	4	220	146	481	430.8
June	87	—	129	140	431	249.3
July	12	—	139	186	339	6.0
August	—	—	122	67	192	4.4
September	16	—	112	71	276	114.0
October	41	—	143	120	317	29.0
November				170		226.7

The above figures clearly reveal the small power of absorption of the German loans market during the greater part of 1927. It was not until the beginning of 1928 that larger issues—mainly of mortgage bonds and communal loans—were placed on the market; the great majority of these issues were however on an 8 % basis and were offered for subscription at a continually increasing discount.

In the second half of the current year the reaction was not long in coming. The sale of mortgage bonds and obligations of public corporations fell off, and the terms offered became more and more

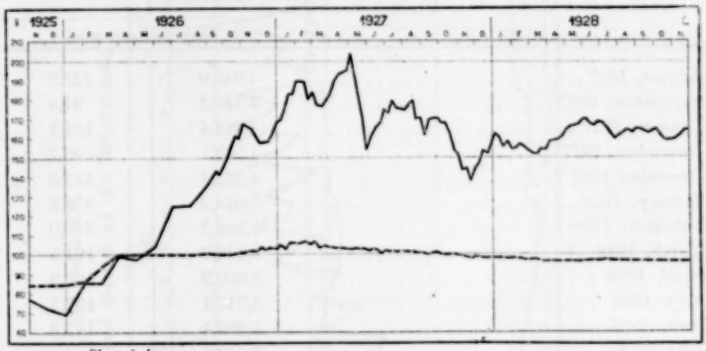
unfavourable. Recently for example a large city had to agree to as much as 8½ per cent on a loan issued at 96. The cause must be sought not only in the small power of absorption of the home market, but also in the slackening of foreign interest in such bonds.

The movement of the quotations (Diagram XIV) and of the yield (Diagram XII) of mortgage bonds, the latter of which showed an uninterrupted rise except in December, 1927, and January, 1928, prove that the rate of interest on the capital market is once more rising.

The figures of share issues on the other hand presented a somewhat different picture. After a decline in August and September these issues again increased considerably in the two following months.

Diagram XIV.

Weighted share index and quotations of an 8 per cent representative mortgage bond on the Berlin Bourse.



Share index.
Mortgage bond quotations.

The price of shares shows little change since the beginning of 1928. The tendency until March was to fall; but this was followed by a rise until and including June; since that date apart from some fluctuations the rates have remained at about the same level as at the beginning of January.

This increased stability in comparison with previous months is closely connected with the conjunctural development to which reference has already been made. As opposed to earlier years, 1928 has been characterised by no periods of general speculation, what speculation there was being confined to certain special securities.

Moreover with the growing closeness of connections with foreign countries the influence of foreign orders, and generally the effect of the tone in foreign centres is becoming increasingly felt in the daily movement of quotations.

The above figures cannot of course give a picture of the whole process of capital formation in Germany. Only a section of capital formation finds its expression on the capital market. All direct credit transactions take place outside, whilst the internal formation of capital which goes on, in many cases on a very considerable scale, inside the undertakings of the country rarely comes into the capital market.

Various attempts have been made to estimate the total amount of internal capital formed. These estimates are based of course on very incertain foundations, and only a very conditional value is to be attached to the results of these calculations, which vary between ℛℳ 7.6 and 9 milliards for 1927. Figures are available for one section of capital formation, in the shape of the deposits with savings banks. Where the savings banks have developed—to a greater or less degree—into banks doing ordinary banking business, it may be presumed that these savings deposits include a certain amount of other money.

Savings deposits with the savings banks

Month	Total savings deposits at the end of the month	Increase during the month
	in millions of reichsmarks	
August, 1927	4,245.9	123.5
September, 1927	4,340.3	94.4
October, 1927	4,444.4	104.1
November, 1927	4,543.1	98.7
December 1927	4,665.4	122.3
January, 1928	5,044.2	378.8
February, 1928	5,284.2	240.0
March, 1928	5,448.7	164.5
April, 1928	5,609.9	161.2
May, 1928	5,747.1	137.2
June, 1928	5,889.4	142.3
July, 1928	6,042.9	153.5
August, 1928	6,220.7	177.8
September, 1928	6,371.5	150.8
October, 1928	6,545.7	174.0

j. Discount and credit policy of the Reichsbank.

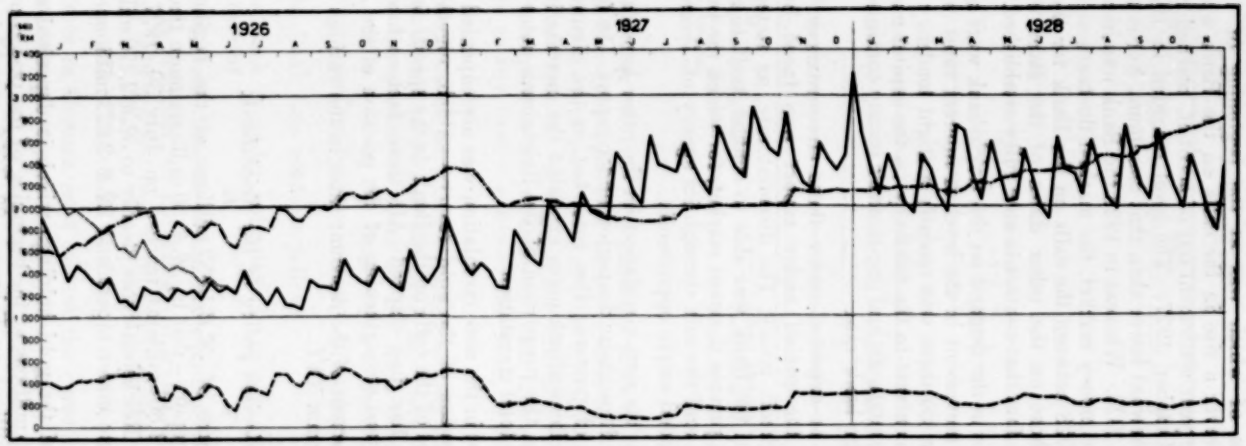
On October 4, 1927, the Reichsbank raised its discount rate from 6 to 7 per cent, and the rate for loans against collateral from 7 to 8 per cent; no further changes in interest rates have since occurred.

The volume of calls upon the Reichsbank, as will be seen from Diagram XV, remained at practically the same level throughout the greater part of the period under review. From January to September inclusive of the current year there was even a remarkable stability in the demand, with the exception of the March settlement. Since the end of September on the contrary there has been a pronounced tendency towards a decline. On November 30, the total calls made upon the Reichsbank amounted to ℛℳ 2,382 millions as compared with ℛℳ 2,691 millions on September 29, 1928.

If the position during the period under report is compared with that of former years, it will be seen that 1926 also was characterised by similar unimportant changes in the calls on the Bank. The calls

Diagram XV.

Note cover and credits of the Reichsbank.



Total calls on the Reichsbank + rediscounts,
Total calls on the Reichsbank,
Gold + Devisen available for cover,
Devisen available for cover.

were then small, and this led to a series of discount reductions, the last of which was at the beginning of 1927. There was soon however a rise in the calls on the Bank which, leaving the end of the year settlement out of account, reached its maximum round about October, 1927. The level recorded in 1928 until the autumn is somewhat lower than that maximum, but is almost twice the figure for 1926. Whereas in 1926 the Bank was hardly in touch at all with the money market, the marked fluctuations regularly to be noted in 1928 between the calls on the Bank for the end of the month and those on the other dates of the Bank returns bear witness to the fact that contact is now fully established.

The changes in the demand on the Reichsbank were accompanied by a parallel movement in the level of interest rates on the money market. Here too there was recently a slight tendency for rates to fall away, in contrast to the tendency on the capital market. Only the rates for contangoes and one-month's money continued to remain higher than the bank rate.

As was to be expected under these circumstances, the Reichsbank during the period under report was faced by no acute questions of credit policy. The discount rate, as stated, remained unchanged and the Bank was able to confine itself to a systematic nursing of the private discount market, for which the public monies at its disposal and the sale through its agency of Treasury bills of the Reich afforded ample opportunity.

In regard to the note circulation on the other hand, a steady rise is to be noted throughout the period under report. The total circulation of media of payment also rose; but, as the diminution in the circulation of Rentenbank notes exceeded the increase in the circulation of coins, the proportion of the Reichsbank notes rose rather more than the total circulation.

The increase in the note circulation was accompanied by a corresponding extension of the gold reserve—which, together with the consistent level of the calls on the Bank, is the special feature of the period which has just elapsed. All these factors have led to a further important strengthening of the position of the Reichsbank.

The development of the discount rates in the various countries is shown in diagram XVI.

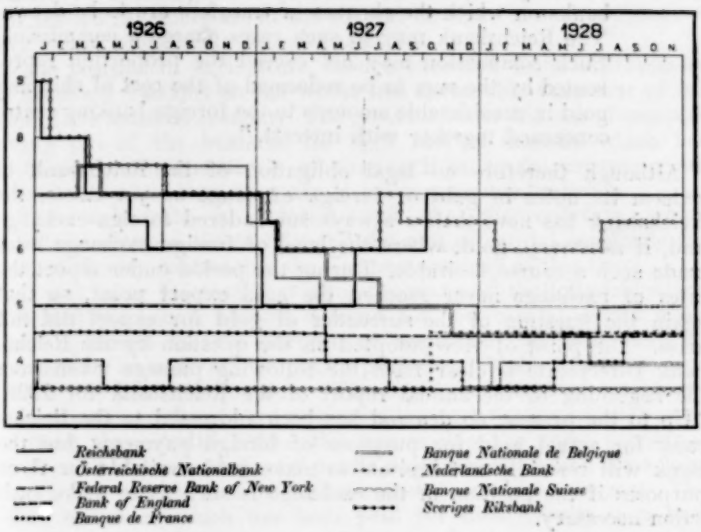
k. Gold and devisen policy of the Reichsbank.

From a figure of ℛ*M* 1,852 millions at the beginning of the period under report—that is, ℛ*M* 50 millions more than the minimum of ℛ*M* 1,801 millions reached on July 30, 1927,—the gold holding of the Reichsbank rose steadly to ℛ*M* 2,270 millions at the end of the year under report and ℛ*M* 2,623 millions on November 30, 1928.

That part of the gold holdings which is deposited abroad rose from ℛ*M* 66.5 millions at the beginning of the period under report to ℛ*M* 85.6 millions on February 29, 1928, at which level it has since remained.

Diagram XVI.

Discount rates.



Since on October 18, 1927, the purchase price of ℛ*M* 2,790 per kilogram of fine gold (the full parity under the Coinage Law) was reduced to the minimum price of ℛ*M* 2,784 fixed in the Bank Law, there has been no change in the attitude adopted by the Reichsbank in regard to the purchase of gold. Gold may be offered for purchase at any branch office of the bank, as it could before the war.

No joint decision of the Reichsbank Directorate and the General Council, as provided in § 52 of the Bank Law, has yet been taken in regard to the putting in force of the legal obligation of the Reichsbank, under § 31 of the Bank Law, to redeem its notes in gold or a corresponding foreign currency equivalent.

§ 31 of the Bank Law reads as follows:

"The Bank is under obligation to redeem its notes to the bearer thereof:

a) at its head office in Berlin, immediately on presentation;

b) at its branches, to the extent to which their respective cash holdings and cash requirements permit.

The notes will be redeemed at the option of the Reichsbank:

1. Either in German gold coin at the current legal weight and fineness at par;

2. or in gold bars of not less than 1,000 reichsmarks or more than 35,000 reichsmarks pure gold value in German gold coin at the current legal weight and fineness;

3. or in cheques or transfers in foreign currency to the amount of the current market value in gold of the foreign currency in question: the Statutes will specify the foreign banks on which the cheques or transfers are to be drawn. The Reichsbank may in such cases charge a commission. Such commission may not exceed the proportion represented by the sum to be redeemed of the cost of shipping gold in considerable amounts to the foreign banking centre concerned together with interest."

Although therefore no legal obligation of the Reichsbank to redeem its notes in gold or foreign exchange as yet exists, the Reichsbank has nevertheless always surrendered foreign exchange and, if necessary, gold, where the level of foreign exchange rates made such a course desirable. During the period under report the rates of exchange never reached the gold export point, so that again the question of the surrender of gold for export did not arise. The point of view adopted on the question by the Reichsbank Directorate is clear from the following passage taken from the beginning of the annual report of the Reichsbank for 1926: "Up to the present no demand has been addressed to the Reichsbank for actual gold for purposes of foreign payments, but the Bank will certainly not hesitate to make gold available for these purposes if the position of the exchange is such as to make such action necessary."

The movements up to May 31, 1928, of the foreign exchange holdings, as shown in the weekly returns, were discussed in the interim Report. On this date the reported Devisen of the Reichsbank totalled ℛ𝑀 274 millions; they have since fallen almost without interruption. By November 30, 1928, the decline was ℛ𝑀 101 millions, but this was offset by an increase of ℛ𝑀 583 millions in the gold holdings.

Concluding remarks.

With the present Report a period of four years closes. If we compare the present position with that of four years ago, we note a very great advance alike in regard to the economic development of the country as a whole and in regard to the position of the Reichsbank in particular.

There has been a far-reaching reorganisation and rationalisation of the industrial system of Germany; the standard of living of the masses of the people has appreciably risen, and in the case of a great part of the working-class has again reached or surpassed the pre-war level. The marked fluctuations of the first few years have made way for a more steady line of development, and an increasing power of restistance is clearly revealed. Those who foretold that the symptoms of decline from the highly favourable conditions of a year ago were about to take on the form of a rapid and serious depression, under-estimated the country's economic power of resistance.

At the same time there are still considerable branches of the national economy which have had an inadequate share in the general recovery. If the general position were to change fundamentally for the worse—there are at the present no signs of such a change—this would presumably be more apparent.

The position of agriculture, though here and there improvement is apparent, remains on the whole less favourable than that of the rest of the national economy. The possibilities in this case of compensating out of the business the high rate of interest which has to be paid, or alternatively of passing it on to the consumer, are considerably less than they are in other economic branches.

The high rate of interest and the disproportion which it reflects between the supply and demand of capital constitute the main difficulty confronting the German economy at this time.

It was to be foreseen that after the war and the inflation which followed the war a marked demand for new capital would make itself apparent for the purpose of improving the machinery of production as well as for public purposes. Much has been done during the years in question. The largely modernised machinery of production at the present time provides work for four million more workers than it did before the war within the same territorial limits, and a great number of public requirements which for a long time had remained unsatisfied have since been able to be met. The price, however, which has been paid for these results is a new annual burden of interest in relation to foreign countries, which at present is undoubtedly well over half a milliard reichsmarks. In so far as the calculations on which the borrowers have based their decision to take up these loans are found in the long run to have been correct, this new charge will represent no increased burden. But there can be no doubt that a section of the loans is not productive in this sense.

In view of the great importance which the situation in regard to capital in Germany will have for her future economic development, it is desirable to consider the problem somewhat more closely. No unqualified answer can be given; but it is possible to indicate certain factors of the position.

That the formation of capital inside Germany has increased in the years just passed may be confidently assumed. The psychological influence of the destruction of so many earlier savings by the inflation has gradually diminished, and new groups of savers, partly from other sections of the population, have come into being. The internal accumulation of capital which is taking place inside industrial undertakings will always be dependent in a high degree on the general situation. But the cumulative character of individual savings justifies the expectation of a further increase in the future. That on the other hand the State and social charges, which have so largely increased since the pre-war period, and the reparation charges tend to diminish new capital formation requires no further argument. But the effect is confined to that part of the purchasing power withdrawn from the population which would otherwise have gone into savings; and it must also be borne in mind that the State and social charges to a certain extent go back into capital formation.

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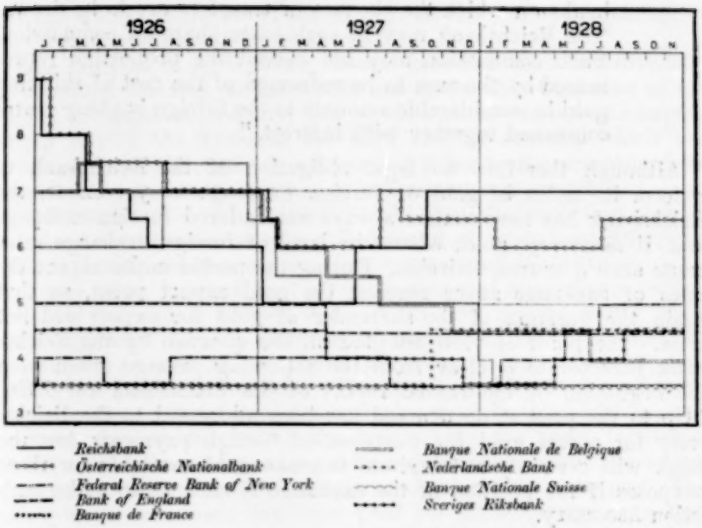

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As regards the demand for capital it may be assumed that the heavy accumulation of requirements which was at first apparent after the war and the inflation is gradually diminishing. Nevertheless there are numerous capital requirements which have been for the moment postponed, but would immediately come to the fore again in the event of a slight easing of the market.

One particular factor which will undoubtedly be felt in this connection is the falling off to be expected in the near future in the supply of new labour which has been the sequel to the decline in the number of births during the war years. The dimensions which this contraction of the labour supply is likely to assume over a period of years may perhaps best be seen from the fact that the number of children who became of school age during the years 1922 to 1925 inclusive remained on an average under 700,000, or only a little more than half the numbers of previous years when the figure of births was not subject to the influence of the war. The consequence is that within a short space of time there will probably be an decrease instead of an increase in the aggregate numbers of the working population. The housing market on which at present there is still a large deficit particularly in the big cities in spite of vigorous building activity, will also be influenced by this development at a later stage.

To what extent all this will find expression on the capital market and in the future movements of the interest level cannot yet be said. But it is certain that there will be something of a breathing space.

Whatever turn the future may take, it is certain that the present is still entirely under the influence of the serious temporary shortage of capital. The difficulties encountered in placing long-term loans have led to a growing proportion of the long-term capital requirements being met for the present by short-term borrowing only. The foreign indebtedness has also been incurred on a short-term basis to a much greater extent than is desirable. The last few months, however, have happily shown that it is possible for important alterations to take place in the money market of one of the great lending countries, with concomitant changes in the circle and nationality of the foreign lenders, without the favourable international position of the German currency suffering even to a slight degree. A certain provisional stiffening of rates on the money market has been the only consequence. The large short-term debt of Germany remains a serious feature. But it is a satisfactory phenomenon that the position of the Reichsbank has continually strengthened and is to-day stronger (as has been shown above) than at any other period of the last four years.

G. W. J. BRUINS

Annex A.

General Council of the Reichsbank

Dr. Hjalmar Schacht, President,
Sir Charles Addis,
Prof. Dr. G. Bachmann,
Prof. Dr. G. W. J. Bruins,
A. Callens,
Carlo Feltrinelli,
Gates W. McGarrah,
Dr. Louis Hagen,
Franz von Mendelssohn,
Hans Remshard,
Charles Sergent,
Franz Urbig,
Max M. Warburg,
Oscar Wassermann.

Commissioner of the Reichsbank

Prof. Dr. G. W. J. Bruins

Managing Board of the Reichsbank

Dr. Hjalmar Schacht, President,
F. Dreyse, Vice President,
A. Budczies,
Dr. B. Bernhard,
O. Seiffert,
Dr. W. Vocke,
Dr. C. Friedrich,
R. Fuchs,
P. Schneider.

Annex B.

Means of payment in circulation[1]

(in millions of reichsmarks)

Date	Reichsbank notes in circulation	Notes of the Private Banks of Issue in circulation	Rentenbank notes in circulation	Divisional coins in circulation	Total circulation of means of payment
October 15, 1924 ...	1,396.7	—	1,790.4	352.3	3,539.4
August 31, 1925 ...	2,594.6	186.5	1,712.6	512.1	5,005.8
August 31, 1926 ...	3,225.1	186.6	1,260.0	666.3	5,320.0
August 31, 1927 ...	3,934.7	184.7	1,007.2	740.2	5,866.8
September 7, 1927..	3,800.0	184.9	967.6	743.4	5,695.9
September 15, 1927.	3,642.0	183.9	951.0	741.1	5,518.0
September 23, 1927.	3,547.6	182.9	939.6	741.8	5,411.9
September 30, 1927.	4,182.4	188.3	988 9	762.7	6,122.3
October 7, 1927	4,004.1	185.3	954.1	771.7	5,915.2
October 15, 1927 ...	3,792.6	183.7	934.3	773.1	5,683.8
October 22, 1927 ...	3,631.8	179.0	896.3	772.2	5,479.2
October 31, 1927 ...	4,230.6	188.1	896.3	788.7	6,103.6
November 7, 1927 ..	4,020.5	184.5	856.3	794.6	5,855.9
November 15, 1927 .	3,787.4	181.5	800.3	788.9	5,558.1
November 23, 1927 .	3,583.3	179.8	756.6	783.5	5,303.1
November 30, 1927 .	4,181.3	187.0	780.7	804.7	5,953.7
December 7, 1927 ..	4,043.7	186.0	749.9	808.1	5,787.7
December 15, 1927 .	3,931.4	185.1	724.7	810.8	5,652.1
December 23, 1927 .	4,046.4	188.1	709.9	822.7	5,767.0
December 31, 1927 .	4,564.0	188.7	716.2	835.3	6,304.2
January 7, 1928	4,170.9	184.0	679.9	825.9	5,860.8
January 14, 1928 ...	3,927.9	182.3	645.1	816.5	5,571.7
January 23, 1928 ...	3,682.6	180.6	606.1	807.6	5,277.0
January 31, 1928 ...	4,251.2	183.8	625.7	823.8	5,884.5
February 7, 1928 ...	4,037.8	184.1	614.5	826.0	5,662.3
February 15, 1928 ..	3,784.4	180.7	605.7	820.5	5,391.4
February 23, 1928 ..	3,652 9	178.6	601.0	818.2	5,250.6
February 29, 1928 ..	4,268.2	185.4	630.4	841.3	5,925.4
March 7, 1928	4,067.7	182.0	605.6	844.6	5,699.8
March 15, 1928	3,885.8	180.6	604.0	844.5	5,514.9
March 23, 1928	3,763.1	181.8	596.5	839.6	5,380.9

[1] For the weekly figures from October 15, 1924 until August 31, 1927 vide Annex A of the interim Report 1927 and Annex B of the annual Report 1926/1927.

Date	Reichsbank notes in circulation	Notes of the Private Banks of Issue in circulation	Rentenbank notes in circulation	Divisional coins in circulation	Total circulation of means of payment
March 31, 1928	4,513.2	185.8	616.0	869.5	6,184.5
April 5, 1928	4,411.0	185.4	604.5	877.8	6,078.8
April 14, 1928	3,996.5	182.4	576.2	863.5	5,618.6
April 23, 1928	3,760.1	179.3	557.6	854.3	5,351.3
April 30, 1928	4,409.5	185.2	609.3	872.2	6,076.2
May 7, 1928.....	4,238.9	183.3	583.2	875.4	5,880.8
May 15, 1928.....	3,987.1	182.3	565.5	867.5	5,602.4
May 23, 1928.....	3,821.6	181.0	550.1	862.8	5,415.4
May 31, 1928.....	4,486.9	185.0	586.2	883.3	6,141.5
June 7, 1928	4,218.0	182.1	562.8	880.3	5,843.2
June 15, 1928	4,039.3	180.0	558.4	868.9	5.646.6
June 23, 1928	3,906.7	178.0	541.2	862.9	5,488.8
June 30, 1928	4,674.2	188.8	578.3	888.9	6,330.2
July 7, 1928.....	4,426.7	184.4	556.3	890.7	6,058.0
July 15, 1928.....	4,225.0	183.6	551.8	883.6	5,843.9
July 23, 1928.....	3,987.4	182.4	533.4	875.7	5,578.9
July 31, 1928.....	4,569.3	185.3	560.5	894.7	6,209.8
August 7, 1928.....	4.348.4	182.2	537.7	898.3	5,966.6
August 15, 1928....	4,134.4	182.2	529.5	888.2	5,734.3
August 23, 1928....	3,969.6	179.0	518.3	882.8	5,549.8
August 31, 1928....	4,673.0	186.6	570.1	909.3	6,339.0
September 7, 1928..	4,453.7	184.2	546.3	912.6	6,096.8
September 15, 1928.	4,256.4	184.2	550.5	908.4	5,899.5
September 22, 1928.	4,100.1	183.3	540.9	903.7	5,728.0
September 29, 1928.	4,830.2	188.1	570.3	934.1	6,522.6
October 6, 1928	4,592.1	184.9	542.0	936.2	6,255.2
October 15, 1928 ...	4.293.8	184.6	521.5	930.6	5,930.6
October 23, 1928 ...	4,034.7	184.5	498.5	919.2	5,636.9
October 31, 1928 ...	4,672.0	188.6	542.7	940.1	6,343.4
November 7, 1928..	4,410.3	184.0	512.8	940.8	6,047.9
November 15, 1928.	4,172.7	184.2	514.3	930.1	5,801.4
November 23, 1928.	4,043.3	183.3	501.3	926.4	5,654.2
November 30, 1928.	4,724.0	187.7	524.3	949.5	6,385.6

Annex C.

Cover for Reichsbank notes[1]

(in thousands of reichsmarks)

Date	Cover according to § 28a			Cover according to § 28b	Total Cover
	Gold holdings	Devisen available for cover (deckungsfähige)	Total	Bills and cheques	
October 15, 1924 ..	613,625	204,541	818,166	2,153,943	2,972,109
August 31, 1925 ...	1,138,361	357,458	1,495,819	1,764,980	3,260,799
August 31, 1926 ...	1,492,818	497,606	1,990,424	1,251,509	3,241,933
August 31, 1927 ...	1,852,671	157,309	2,009,980	2,661,635	4,671,615
September 7, 1927 .	1,852,614	157,206	2,009,820	2,498,471	4,508,291
September 15, 1927	1,852,400	151,790	2,004,190	2,290,410	4,294,600
September 23, 1927	1,852,246	153,006	2,005,252	2,235,681	4,240,933
September 30, 1927	1,852,097	153,805	2,005,902	2,745,689	4,751,591
October 7, 1927 ...	1,851,869	155,885	2,007,754	2,603,225	4,610,979
October 15, 1927 ..	1,851,627	161,716	2,013,343	2,432,152	4,445,495
October 22, 1927 ..	1,851,514	160,849	2,012,363	2,434,784	4,447,147
October 31, 1927 ..	1,851,309	161,446	2,012,755	2,802,380	4,815,135
November 7, 1927..	1,852,143	298,342	2,150,485	2,388,211	4,538,696
November 15, 1927.	1,854,498	287,122	2,141,620	2,167,617	4,309,237
November 23, 1927.	1,855,999	285,673	2,141,672	2,116,128	4,257,800
November 30, 1927.	1,856,990	282,440	2,139,430	2,482,821	4,622,251
December 7, 1927 ..	1,861,022	278,521	2,139,543	2,392,236	4,531,779
December 15, 1927.	1,860,731	286,239	2,146,970	2,270,456	4,417,426
December 23, 1927.	1,860,557	279,445	2,140,002	2,416,850	4,556,852
December 31, 1927.	1,864,643	281,986	2,146,629	3,128,656	5,275,285
January 7, 1928 ...	1,864,505	285,591	2,150,096	2,635,490	4,785,586
January 14, 1928 ..	1,864,043	286,091	2,150,134	2,330,881	4,481,015
January 23, 1928 ..	1,863,428	306,401	2,169,829	2,078,059	4,247,888
January 31, 1928 ..	1,865,284	296,005	2,161,289	2,372,850	4,534,139
February 7, 1928 ..	1,886,620	292,851	2,179,471	2,243,589	4,423,060
February 15, 1928 .	1,886,389	292,822	2,179,211	1,963,868	4,143,079
February 23, 1928 .	1,886,263	295,088	2,181,351	1,924,712	4,106,063
February 29, 1928 .	1,888,350	281,953	2,170,303	2,336,275	4,506,578
March 7, 1928	1,888,253	297,344	2,185,597	2,260,942	4,446,539
March 15, 1928....	1,888,097	262,070	2,150,167	2,000,685	4,150,852

[1] For the weekly figures from October 15, 1924 until August 31, 1927 vide Annex B of the interim Report 1927 and Annex C of the annual Report 1926/1927.

Date	Cover according to § 28a			Cover according to § 28b	Total Cover
	Gold holdings	Devisen available for cover (deckungsfähige)	Total	Bills and cheques	
March 23, 1928 ...	1,908,944	226,768	2,135,712	1,927,587	4,063,299
March 31, 1928 ...	1,930,756	188,866	2,119,622	2,652,019	4,771,641
April 5, 1928	1,960,137	196,631	2,156,768	2,600,747	4,757,515
April 14, 1928.....	2,019,231	194,068	2,213,299	2,248,662	4,461,961
April 23, 1928.....	2,040,915	169,330	2,210,245	2,035,597	4,245,842
April 30, 1928.....	2,040,931	167,737	2,208,668	2,492,874	4,701,542
May 7, 1928	2,040,894	197,542	2,238,436	2,280,366	4,518,802
May 15, 1928	2,040,811	212,913	2,253,724	1,985,936	4,239,660
May 23, 1928	2,040,722	229,456	2,270,178	2,035,212	4,305,390
May 31, 1928	2,040,784	274,051	2,314,835	2,469,399	4,784,234
June 7, 1928	2,040,776	266,905	2,307,681	2,238,071	4,545,752
June 15, 1928	2,062,262	251,651	2,313,913	1,924,767	4,238,680
June 23, 1928	2,062,207	245,255	2,307,462	1,860,861	4,168,323
June 30, 1928	2,083,818	250,044	2,333,862	2,477,172	4,811,034
July 7, 1928	2,105,378	239,549	2,344,927	2,304,206	4,649,133
July 14, 1928	2,127,251	200,098	2,327,349	2,241,957	4,569,306
July 23, 1928	2,148,807	193,987	2,342,794	2,083,180	4,425,974
July 31, 1928	2,199,654	183,688	2,383,342	2,516,486	4,899,828
August 7, 1928	2,231,999	214,554	2,446,553	2,309,814	4,756,367
August 15, 1928 ...	2,240,915	217,003	2,457,918	2,006,068	4,463,986
August 23, 1928 ...	2,240,909	211,412	2,452,321	1,972,311	4,424,632
August 31, 1928 ...	2,248,130	194,908	2,443,038	2,603,908	5,046,946
September 7, 1928 .	2,269,696	180,046	2,449,742	2,389,712	4,839,454
September 15, 1928	2,310,133	191,247	2,501,380	2,116,391	4,617,771
September 22, 1928	2,335,806	187,804	2,523,610	2,034,722	4,558,332
September 29, 1928	2,396,971	179,355	2,576,326	2,576,065	5,152,391
October 6, 1928 ...	2,487,140	151,894	2,639,034	2,345,807	4,984,841
October 15, 1928 ..	2,508,671	149,633	2,658,304	2,062,329	4,720,633
October 23, 1928 ..	2,510,710	163,189	2,673,899	1,963,738	4,637,637
October 31, 1928 ..	2,532,815	163,257	2,696,072	2,348,280	5,044,352
November 7, 1928 .	2,539,923	168,126	2,708,049	2,182,866	4,890,915
November 15, 1928.	2,563,545	185,600	2,749,145	1,879,131	4,628,276
November 23, 1928.	2,573,480	190,462	2,763,942	1,759,053	4,522,995
November 30, 1928.	2,623,494	173,059	2,796,553	2,211,490	5,008,043

Annex D.

Percentual cover for Reichsbank notes according to § 28a[1]

Date	Cover in gold and Devisen %	Cover only in gold %
Average of the period October 15, 1924 to December 31, 1924	55.1	41.3
Average of the year 1925	60.4	45.8
Average of the year 1926	67.0	52.7
August 31, 1927	51.1	47.1
September 7, 1927	52.9	48.8
September 15, 1927	55.0	50.9
September 23, 1927	56.5	52.2
September 30, 1927	48.0	44.3
October 7, 1927	50.1	46.2
October 15, 1927	53.1	48.8
October 22, 1927	55.4	51.0
October 31, 1927	47.6	43.8
November 7, 1927	53.5	46.1
November 15, 1927	56.5	49.0
November 23, 1927	59.8	51.8
November 30, 1927	51.2	44.4
December 7, 1927	52.9	46.0
December 15, 1927	54.6	47.3
December 23, 1927	52.9	46.0
December 31, 1927	47.0	40.9
January 7, 1928	51.5	44.7
January 14, 1928	54.7	47.5
January 23, 1928	58.9	50.6
January 31, 1928	50.8	43.9
February 7, 1928	54.0	46.7
February 15, 1928	57.6	49.8
February 23, 1928	59.7	51.6
February 29, 1928	50.8	44.2
March 7, 1928	53.7	46.4
March 15, 1928	55.3	48.6
March 23, 1928	56.8	50.7
March 31, 1928	47.0	42.8
April 5, 1928	48.9	44.4

[1] For the weekly figures from October 15, 1924 until August 31, 1927 vide Annex C of the interim Report 1927 and Annex D of the annual Report 1926/1927.

Date	Cover in gold and Devisen %	Cover only in gold %
April 14, 1928	55.4	50.5
April 23, 1928	58.8	54.3
April 30, 1928	50.1	46.3
May 7, 1928	52.8	48.1
May 15, 1928	56.5	51.2
May 23, 1928	59.4	53.4
May 31, 1928	51.6	45.5
June 7, 1928	54.7	48.4
June 15, 1928	57.3	51.1
June 23, 1928	59.1	52.8
June 30, 1928	49.9	44.6
July 7, 1928	53.0	47.6
July 14, 1928	55.1	50.3
July 23, 1928	58.8	53.9
July 31, 1928	52.2	48.1
August 7, 1928	56.3	51.3
August 15, 1928	59.5	54.2
August 23, 1928	61.8	56.5
August 31, 1928	52.3	48.1
September 7, 1928	55.0	51.0
September 15, 1928	58.8	54.3
September 22, 1928	61.6	57.0
September 29, 1928	53.3	49.6
October 6, 1928	57.5	54.2
October 15, 1928	61.9	58.4
October 23, 1928	66.3	62.2
October 31, 1928	57.7	54.2
November 7, 1928	61.4	57.6
November 15, 1928	65.9	61.4
November 23, 1928	68.4	63.6
November 30, 1928	59.2	55.5

Annex E.

Index Numbers of wholesale prices for Germany, England and the United States

(1913 = 100)

Month	Germany (Stat. Office of the Reich)	England (Board of Trade)	United States (Bureau of Labor Statistics)
1926			
January	135.8	151.3	156.0
February	134.3	148.8	155.0
March	133.1	144.4	151.5
April	132.7	143.6	151.1
May	132.3	144.6	151.7
June	131.9	146.9	152.3
July	133.1	149.1	150.7
August	134.0	149.9	149.2
September	134.9	150.9	150.5
October	136.2	152.1	149.7
November	137.1	152.4	148.1
December	137.1	146.1	147.2
1927			
January	135.9	143.6	146.9
February	135 6	142.6	146.4
March	135.0	140.6	145.3
April	134.8	139.8	144.2
May	137.1	141.1	144.1
June	137.9	141.8	143.7
July	137.6	141.1	144.6
August	137.9	140.9	146.6
September	139.7	142.1	149.3
October	139.8	141.4	150.1
November	140.1	141.1	149.5
December	139.6	140.4	149.1
1928			
January	138.7	141.1	145.8
February	137.9	140.3	145.9
March	138.5	140.8	145.3
April	139.5	142.9	147.4
May	141.2	143.6	149.2
June	141.3	142.6	147.7
July	141.6	141.1	148.7
August	141.5	139.3	149.6
September	139.9	137.6	151.5
October	140.1	137.9	
November	140.3		

Annex F.

Index numbers of German wholesale prices

(Statistical Office of the Reich)

(1913 = 100)

Month	General index	Agricultural products	Industrial raw materials and half-finished goods	Industrial finished goods
1926				
January	135.8	122.3	134.4	158.0
February	134.3	120.9	132.7	157.1
March	133.1	119.8	131.2	156.0
April	132.7	121.5	129.6	154.3
May	132.3	122.5	128.6	152.5
June	131.9	124.0	127.6	149.9
July	133.1	128.7	128.4	146.5
August	134 0	131.8	128.9	145.1
September	134.9	134.1	129.9	144.4
October	136.2	139.7	128.5	143.9
November	137.1	142.8	128.3	143.5
December	137.1	143.7	128.4	142.3
1927				
January	135.9	140.3	128.8	141.6
February	135.6	139.1	129.3	141.6
March	135.0	136.0	130.3	142.0
April	134.8	135.2	129.9	143.0
May	137.1	139.3	131.2	144.3
June	137.9	139.9	131.6	146.0
July	137.6	137.5	132,2	147,1
August	137.9	136.8	133.0	148.3
September	139.7	138.9	134.1	150.7
October	139.8	137.7	134.0	152.9
November	140.1	137.3	134.0	154,6
December	139.2	134.1	134.2	155.7
1928				
January	138.7	132.2	134.4	156.1
February	137.9	130.1	133.6	156.8
March	138.5	131.3	133.5	157.3
April	139.5	133.5	133.8	157.6
May	141.2	135.9	135.3	158.4
June	141.3	136.0	135.0	159.1
July	141.6	136 6	135 1	159.6
August	141.5	137.6	134.3	159.5
September	139.9	134 2	133.5	159 5
October	140.1	134.8	133.4	160.0
November	140.3	135.2	133.5	159.9

Annex G.

Index Numbers of cost of living for Germany, England and the United States

Month	Germany, Stat. Office of the Reich (1913/14 = 100)	England, Ministry of Labour Gazette (July 1914 = 100)	United States, Nat. Industr. Confer. Board (July 1914 = 100)
1926			
January	139.3	173	170
February	138.8	172	170
March	138.3	168	169
April	139.6	167	168
May	139.9	168	168
June	140.5	170	167
July	142.4	170	166
August	142.5	172	165
September	142.0	174	165
October	142.2	179	167
November	143.6	179	168
December	144.3	175	168
1927			
January	144.6	172	167
February	145.4	171	165
March	144.9	165	164
April	146.4	164	164
May	146.5	163	164
June	147.7	166	162
July	150.0	164	161
August	146.6	165	162
September	147.1	167	161
October	150.2	169	162
November	150.6	169	163
December	151.3	168	162
1928			
January	150.8	166	162
February	150.6	164	160
March	150.6	164	162
April	150.7	164	160
May	150.6	165	161
June	151.4	165	161
July	152.6	165	161
August	153.5	165	162
September	152.3	166	162
October	152.1	167	
November	152.3		

Annex H.

Germany's imports and exports

(Corrected figures)

Month	Imports	Exports	Deliveries in kind under the Experts' Plan	Total exports (column 3 and 4)	+ Surplus — Deficit	
					columns 2 and 3	columns 2 and 5
	in millions of reichsmarks					
1	2	3	4	5	6	7
1924						
January	618.9	520.9	—	—	— 98.0	—
February	775.8	556.3	—	—	— 219.5	—
March.....	738.9	547.5	—	—	— 191.4	—
April.....	855.0	572.9	—	—	— 282.1	—
May	935.8	606.4	—	—	— 329.4	—
June	776.7	566.2	—	—	— 210.5	—
July	586.9	665.5	—	—	+ 78.6	—
August	494.4	681.6	—	—	+ 187.2	—
September	670.9	654.1	—	—	— 16.8	—
October	874.0	717.0	—	—	— 157.0	—
November	1,059.9	736.7	—	—	— 323.2	—
December.....	1,219.9	835.0	—	—	— 384.9	—
1925						
January	1,209.8	706.4	—	—	— 503.4	—
February	1.014.3	639.7	—	—	— 374.6	—
March.....	970.7	719.0	—	—	— 251.7	—
April.....	929.8	680.8	—	—	— 249.0	—
May	934.1	739.7	—	—	— 194.4	—
June	945.2	697.0	—	—	— 248.2	—
July	1,081.2	754.9	—	—	— 326.3	—
August	1,112.5	736.5	—	—	— 376.0	—
September	994.7	789.4	—	—	— 205.3	—
October	1,014.6	858.1	—	—	— 156.5	—
November	809.2	802.9	—	—	— 6.3	—
December.....	727.9	806.0	—	—	+ 78.1	—
1926						
January	686.0	807.3	—	—	+ 121.3	—
February	642.1	794.6	—	—	+ 152.5	—
March.....	625.9	936.9	—	—	+ 311.0	—
April.....	698.1	791.0	—	—	+ 92.9	—
May	685.5	739.8	—	—	+ 54.3	—
June	770.0	769.8	—	—	— 0.2	—
July	899.8	832.7	—	—	— 67.1	—
August	897.2	843.0	—	—	— 54.2	—
September	806.2	845.0	—	—	+ 38.8	—
October	966.7	887.8	—	—	— 78.9	—
November	974.2	882.4	—	—	— 91.8	—
December.....	1,038.7	829.9	—	—	— 208.8	—

Month	Imports	Exports	Deliveries in kind under the Experts' Plan	Total exports (column 3 and 4)	+ Surplus — Defizit	
					columns 2 and 3	columns 2 and 5
	in millions of reichsmarks					
1	2	3	4	5	6	7
1927						
January	1,060.4	804.0	29.9	833.9	— 256.4	— 226.5
February	1,059.4	761.3	44.6	805.9	— 298.1	— 253.5
March	1,052.4	847.5	60.4	907.9	— 204.9	— 144.5
April	1,031.2	805.1	36.2	841.3	— 256.1	— 219.9
May	1,135.8	845.6	47.1	892.7	— 290.2	— 243.1
June	1,157.9	758.3	38.3	796.6	— 399.6	— 363.3
July	1,235.8	859.3	45.0	904.3	— 376.5	— 331.5
August	1,118.4	880.5	50.7	931.2	— 237.9	— 187.2
September	1,133.6	946.6	56.0	1,002.6	— 187.0	— 131.0
October	1,202.9	976.2	59.4	1,035.6	— 226.7	— 167.3
November	1,240.4	926.5	57 9	984.4	— 313.9	— 256.0
December.....	1,228.0	968.2	50.2	1,018.4	— 259.8	— 209.6
1928						
January	1,316.3	874.8	53 5	928.3	— 441.5	— 387.9
February	1,209.6	956.1	52 3	1,008.4	— 253.5	— 201.2
March	1,192.5	1,036.8	57.6	1,094.4	— 155.7	— 98.1
April	1,139.5	937.6	56.1	993.7	— 201.9	— 145.8
May	1,053.2	908.5	48.4	956.9	— 144.7	— 96.3
June	1,074.6	906.1	41.3	947.4	— 168.5	— 127.2
July	1,147.0	927.7	57.0	984.7	— 219,3	— 162.3
August	1,050.9	1,041.2	53.7	1,094.9	— 9.7	+ 44.0
September	1,054.4	1,074.7	61.4	1,136.1	+ 20.3	+ 81.7

Annex I.

Imports of raw materials and half-finished goods and exports of finished goods

Month	Imports of raw materials and half-finished goods	Exports of finished goods	Excess of exports over imports of finished goods
	in millions of reichsmarks		
1926			
January	378	568	469
February	333	564	467
March	332	686	601
April	352	597	501
May	327	548	458
June	388	551	446
July	411	582	475
August	424	571	464
September	442	582	463
October	487	603	442
November	507	578	433
December	562	563	416
1927			
January	565	563	413
February	579	541	379
March	588	601	429
April	554	597	407
May	592	622	412
June	602	559	351
July	602	634	410
August	588	628	406
September	566	693	463
October	593	718	465
November	647	683	450
December	669	709	493
1928			
January	661	632	401
February	695	690	467
March	641	761	529
April	610	682	467
May	567	677	473
June	579	685	496
July	603	689	504
August	550	769	587
September	551	801	615

Annex J.

Sterling, dollar and French franc rates on the Berlin Bourse

(Weekly averages in absolute figures and in percentages of parity)

Date	£		$	
		%		%
1926				
August 15	20.415	99.93	4.200	100.05
August 23	20.412	99.91	4.200	100.05
August 31	20.373	99.72	4.198	100.00
September 7	20.390	99.81	4.199	100.03
September 15	20.386	99.79	4.198	100.00
September 23	20.387	99.79	4.197	99.98
September 30	20.371	99.71	4.198	100.00
October 7	20.367	99.69	4.198	100.00
October 15	20.381	99.76	4.202	100.10
October 23	20.377	99.74	4.205	100.17
October 30	20.376	99.74	4.210	100.29
November 7	20.385	99.78	4.207	100.22
November 15	20.420	99.95	4.211	100.31
November 23	20.429	100.00	4.212	100.34
November 30	20.419	99.95	4.210	100.29
December 7	20.394	99.83	4.205	100.17
December 15	20.388	99.80	4.203	100.12
December 23	20.377	99.74	4.199	100.03
December 31	20.375	99.73	4.198	100.00
1927				
January 7	20.427	99.99	4.209	100.26
January 15	20.448	100.09	4.214	100.38
January 23	20.468	100.19	4.217	100.45
January 31	20.469	100.19	4.219	100.50
February 7	20.463	100.16	4.219	100.50
February 15	20.466	100.18	4.219	100.50
February 23	20.463	100.16	4.219	100.50
February 28	20.463	100.16	4.218	100.48
March 7	20.469	100.19	4.218	100.48
March 15	20.460	100.15	4.217	100.45
March 23	20.462	100.16	4.214	100.38
March 31	20.476	100.23	4.216	100.43
April 7	20.486	100.28	4.218	100.48
April 15	20.489	100.29	4.219	100.50

Date	£		$	
		%		%
April 23	20.488	100.29	4.218	100.48
April 30	20.490	100.30	4.218	100.48
May 7	20.500	100.35	4.219	100.50
May 15	20.500	100.30	4.220	100.53
May 23	20.490	100.30	4.220	100.53
May 31	20.499	100.34	4.220	100.53
June 7	20.495	100.32	4.220	100.53
June 15	20.497	100.33	4.220	100.53
June 23	20.489	100.29	4.219	100.50
June 30	20.493	100.31	4.219	100.50
July 7	20.489	100.29	4.219	100.50
July 15	20.461	100 15	4.214	100.38
July 23	20.424	99.97	4.207	100.22
July 31	20.413	99.92	4.205	100.17
August 6	20.418	99.94	4.203	100.12
August 15	20.447	100.09	4.206	100.19
August 23	20.433	100.02	4.202	100.10
August 31	20.429	100.00	4.201	100.07
September 7	20.434	100.02	4.204	100.14
September 15	20.439	100.05	4.203	100.12
September 23	20.427	99.99	4.199	100.03
September 30	20.432	100.01	4.198	100.00
October 7	20.421	99.96	4.195	99.93
October 15	20.414	99.92	4.191	99.84
October 23	20.393	99.82	4.186	99.72
October 31	20.398	99.85	4.188	99.76
November 7	20.398	99.85	4.189	99.79
November 15	20.430	100.00	4.193	99.89
November 23	20.424	99 97	4.188	99.76
November 30	20.425	99.98	4.186	99.72
December 7	20.425	99.98	4.185	99.69
December 15	20.443	100.07	4.188	99.76
December 23	20.428	99.99	4.184	99.67
December 31	20.444	100.07	4.185	99.69
1928				
January 7	20.459	100.15	4.194	99.91
January 15	20.475	100.23	4.199	100.03
January 23	20.461	100.16	4.197	99.98
January 31	20.448	100.09	4.195	99.93

Date	£		$		French franc	
		%		%		%
February 7	20.423	99.97	4.193	99.89		
February 15	20.437	100.03	4.193	99.89		
February 23	20.430	100.00	4.190	99.81		
February 28	20.430	100.00	4.187	99.74		
March 7	20.417	99.94	4.185	99.69		
March 15	20.411	99.91	4.183	99.64		
March 23	20.408	99.90	4.181	99.60		
March 31	20.413	99.92	4.182	99.62		
April 7	20.411	99.91	4.181	99.60		
April 15	20.413	99.92	4.181	99.60		
April 23	20.417	99.94	4.182	99.62		
April 30	20.404	99.87	4.181	99.60		
May 7	20.401	99.86	4.181	99.60		
May 15	20.401	99.86	4.180	99.57		
May 23	20.396	99.84	4.178	99.52		
May 31	20.393	99.82	4.176	99.48		
June 7	20.416	99.94	4.180	99.57		
June 15	20.430	100.00	4.185	99.69		
June 23	20.415	99.93	4.184	99.67		
June 30	20.406	99.89	4.184	99.67	16.443	99.98
July 7	20.410	99.91	4.188	99.76	16.432	99.91
July 15	20.406	99.89	4.194	99.90	16.423	99.85
July 23	20.378	99.75	4.191	99.83	16.404	99.74
July 31	20.347	99.60	4.188	99.76	16.396	99.69
August 7	20.354	99.63	4.193	99.89	16.395	99.68
August 15	20.375	99.74	4.197	99.98	16.396	99.69
August 23	20.365	99.69	4.197	99.98	16.394	99.68
August 31	20.359	99.66	4.195	99.93	16.380	99.59
September 7	20.362	99.67	4.196	99.95	16.385	99.62
September 15	20.357	99.65	4.197	99.98	16.386	99.63
September 23	20.352	99.62	4.196	99.95	16.385	99.62
September 30	20.343	99.58	4.195	99.93	16.395	99.68
October 7	20.357	99.65	4.197	99.98	16.415	99.81
October 15	20.382	99.77	4.202	100.10	16.409	99.77
October 23	20.361	99.67	4.198	100.00	16.395	99.68
October 31	20.354	99.63	4.197	99.98	16.396	99.69
November 7	20.356	99.64	4.199	100.03	16.400	99.71
November 15	20.357	99.65	4.199	100.03	16.399	99.71
November 23	20.353	99.63	4.197	99.98	16.399	99.71
November 30	20.346	99.59	4.194	99.90	16.399	99.71

Annex K.

Money rates in Berlin

(Monthly averages)

Month	Reichsbank discount %	Day-to-day money %	Money at one month %	Private discount %	Bills with a bankers' endorsement %	Yield of 8% mortgage bonds %
1924						
October	10.00	15.85	16.20	—	—	—
November	10.00	14.78	15.00	—	—	—
December	10.00	11.53	13.32	9.19	—	—
1925						
January	10.00	10.00	11.30	8.31	—	—
February	9.88	10.70	11.93	8.00	—	—
March	9.00	9.00	11.30	8.00	—	—
April	9.00	8.48	10.28	8.00	—	—
May	9.00	8.83	10.50	7.98	8.96	—
June	9.00	8.76	10.64	7.75	8.98	—
July	9.00	9.40	10.85	7.87	9.07	—
August	9.00	9.30	10.95	7.68	9.00	—
September	9.00	8.94	10.73	7.18	8.83	—
October	9.00	9.61	10.72	7.09	8.92	—
November	9.00	8.70	10.73	6.77	8.70	—
December	9.00	8.40	10.37	6.75	8.60	9.90
1926						
January	8.32	7.29	9.28	6.27	7.76	9.52
February	8.00	6.10	7.44	5.46	7.03	8.88
March	7.85	5.61	6.77	5.00	6.56	8.47
April	7.00	4.93	6.13	4.86	5.80	8.13
May	7.00	5.15	6.00	4.69	5.40	8.16
June	6.60	4.83	5.87	4.52	5.16	8.15
July	6.08	5.09	6.02	4.53	5.17	8.12
August	6.00	5.11	5.91	4.61	5.18	8.08
September	6.00	5.12	6.36	4.88	5.42	8.06
October	6.00	5.04	6.30	4.84	5.30	8.05
November	6.00	4.85	6.47	4.63	5.08	8.01
December	6.00	6.02	7.46	4.72	5.35	7.89
1927						
January	5.28	4.60	6.42	4.20	4.62	7.76
February	5.00	5.33	5.95	4.22	4.35	7.74
March	5.00	5.29	7.40	4.59	4.86	7.80
April	5.00	5.83	7.13	4.62	4.86	7.79
May	5.00	6.35	7.69	4.90	4.99	7.84
June	5.75	6.03	8.28	5.39	5.76	7.93
July	6.00	7.36	8.50	5.90	6.18	7.93
August	6.00	5.78	8.22	5.82	6.09	7.99
September	6.00	6.09	8.35	5.90	6.19	7.98
October	6.92	7.31	8.69	6.69	7.09	8.03
November	7.00	6.12	8.77	6.76	7.25	8.18
December	7.00	7.23	9.07	6.87	7.34	8.18
1928						
January	7.00	5.35	8.06	6.27	6.88	8.15
February	7.00	6.61	7.72	6.20	6.67	8.16
March	7.00	7.08	7.98	6.72	6.93	8.20
April	7.00	6.89	8.00	6.70	6.92	8.21
May	7.00	6.98	8.00	6.66	6.94	8.22
June	7.00	6.47	8.04	6.62	6.90	8.23
July	7.00	7.49	8.29	6.74	7.00	8.23
August	7.00	6.10	8.45	6.69	6.93	8.24
September	7.00	6.62	8.76	6.64	6.95	8.26
October	7.00	6.90	8.57	6.57	6.95	8.27
November	7.00	6.81	8.35	6.28	6.80	

Annex L.

Money rates in Berlin (weekly averages) and credits (bills and loans against collateral) of the Reichsbank[1]

Date	Reichsbank-discount %	Day-to-day money %	Money at one month %	Private discount %	Bills with a bankers' endorsement %	Bills and loans against collateral of the Reichsbank[2]
1927						
August 31	6.00	5.79	8.25	5.88	6.23	2,729
September 7	6.00	7.17	8.25	5.88	6.08	2,525
September 15	6.00	5.80	8.25	5.88	6.13	2,354
September 23	6.00	5.59	8.39	5.88	6.23	2,272
September 30	6.00	6.29	8.50	5.98	6.25	2,900
October 7	6.67	8.21	8.54	6.42	6.80	2,667
October 15	7.00	7.16	8.71	6.59	6.99	2,527
October 23	7.00	7.25	8.75	6.85	7.21	2,467
October 31	7.00	6.84	8.75	6.88	7.27	2,848
November 7	7.00	6.33	8.79	6.77	7.28	2,420
November 15	7.00	5.71	8.75	6.75	7.25	2,210
November 23	7.00	6.21	8.75	6.75	7.21	2,143
November 30	7.00	6.58	8.79	6.75	7.25	2,569
December 7	7.00	8.43	8.88	6.75	7.25	2,434
December 15	7.00	7.20	8.95	6.75	7.25	2,329
December 23	7.00	6.98	9.16	6.98	7.34	2,461
December 31	7.00	6.60	9.28	7.00	7.50	3,207
1928						
January 7	7.00	6.04	8.63	6.54	7.17	2,658
January 15	7.00	4.56	7.83	6.03	6.79	2,364
January 23	7.00	4.93	7.93	6.18	6.71	2.101
January 31	7.00	6.29	7.89	6.32	6.85	2,464
February 7	7.00	8.00	7.88	6.33	6.81	2,267
February 15	7.00	5.98	7.66	6.02	6.53	2,022
February 23	7.00	6.11	7.54	6.07	6.68	1,948
February 28	7.00	7.00	7.83	6.48	6.75	2,453
March 7	7.00	8.21	7.89	6.60	6.83	2,312
March 15	7.00	7.25	8.00	6.66	6.93	2,092
March 23	7.00	6.71	8.00	6.75	6.96	1,959
March 31	7.00	6.54	8.00	6.86	7.00	2,737

[1] For the previous figures vide Annex K of the annual Report 1926/1927.
[2] In millions of reichsmarks.

Date	Reichsbank discount %	Day-to-day money %	Money at one month %	Private discount %	Bills with a bankers' endorsement %	Bills and loans against collateral of the Reichsbank [1]
1928						
April 7	7 00	7.63	8.00	6.69	6.99	2,676
April 15	7.00	7.45	8.00	6.65	6.95	2,289
April 23	7.00	5.79	8.00	6.60	6.88	2,072
April 30	7.00	6.96	8.00	6.83	6.92	2,597
May 7	7.00	8.33	8.00	6.63	6.99	2,321
May 15	7.00	6.29	8.00	6.55	6.88	2,046
May 23	7.00	6.71	8.00	6.73	6.96	2,063
May 31	7.00	6.90	8.00	6.75	7.00	2,512
June 7	7.00	7.38	8.00	6.58	6.93	2,260
June 15	7.00	5.68	8.00	6,50	6.88	2,003
June 23	7.00	6.18	8.00	6.59	6.87	1,888
June 30	7.00	7.32	8.17	6.81	7.00	2,616
July 7	7.00	8.38	8.25	6.73	7.00	2,333
July 15	7.00	7.00	8.20	6.73	6.96	2,286
July 23	7.00	7.50	8.25	6.75	7.00	2,117
July 31	7.00	7.38	8.44	6.75	7.13	2.595
August 7	7.00	6.80	8.50	6.65	6.94	2,341
August 15	7.00	5.67	8.17	6.63	6.90	2,068
August 23	7.00	5.92	8.50	6.71	6.95	1,999
August 31	7.00	6.58	8 63	6.75	7.00	2,737
September 7	7.00	7.54	8.71	6.64	6.93	2,440
September 15	7.00	5.93	8.70	6.63	6.89	2,185
September 23	7.00	6.50	8.75	6.63	7.00	2,069
September 30	7.00	6.96	8.88	6.69	7.00	2,691
October 7	7.00	7.94	8.75	6.58	6.98	2,418
October 15	7.00	6.43	8.54	6.50	6.86	2.177
October 23	7.00	6.96	8.50	6.61	6.97	1,995
October 31	7.00	6.68	8.50	6.61	6.97	2,444
November 7	7.00	7.75	8.50	6.38	6.92	2,217
November 15	7.00	6.29	8.27	6.25	6.77	1,949
November 23	7.00	6.67	8.25	6.25	6.72	1,796
November 30	7.00	7.00	8.38	6.25	6.81	2,382

[1] In millions of reichsmarks.

Annex M.

Weighted share index and quotations of an 8% representative mortgage bond on the Berlin Bourse[1]

Date	Weighted average prices of shares	Quotations of an 8% representative mortgage bond	Date	Weighted average prices of shares	Quotations of an 8% representative mortgage bond
1927			April 3	158.8	97.00
			April 11	159.4	97.00
August 31	170.8	100.90	April 18	159.6	97.00
September 7	162.5	100.00	April 25	160.6	97.00
September 14	169.9	100.00	May 2	164.5	97.00
September 21	170.1	101.00	May 9	166.9	97.00
September 28	170.2	100.75	May 16	167.2	97.00
October 5	168.4	99.90	May 23	167.8	96.90
October 12	168.0	99.90	May 30	169.5	96.75
October 19	162.8	100.00	June 6	170.3	96.50
October 26	154.3	99.75	June 13	167.6	96.25
November 2	151.9	99.50	June 20	166.6	96.50
November 9	144.2	99.50	June 27	168.4	96.75
November 15	144.6	99.00	July 4	168.0	97.00
November 23	138.7	99.00	July 11	165.6	97.00
November 30	144.5	99.00	July 18	162.6	96.75
December 7	147.3	99.00	July 25	160.1	96.50
December 14	153.8	98.50	August 1	161.6	96.50
December 21	152.8	98.50	August 8	162.9	96.50
December 28	156.9	98.50	August 15	164.4	96.50
			August 22	162.8	96.50
1928			August 29	164.6	96.50
January 4	162.9	98.50	September 5	164.7	96.25
January 11	160.5	98.50	September 12	163.5	96.25
January 18	156.7	98.50	September 19	162.7	96.25
January 25	158.9	98.25	September 26	163.5	96.25
February 1	155.0	98.50	October 3	164.5	96.25
February 8	155.3	98.00	October 10	161.4	96.25
February 15	157.3	98.00	October 17	159.7	96.25
February 22	156.1	97.70	October 24	159.2	96.25
February 29	154.0	97.60	October 31	159.1	96.25
March 7	152.8	97.60	November 7	160.2	96.25
March 14	152.2	97.50	November 14	161.8	96.25
March 21	154.4	97.00	November 20	164.1	96.25
March 28	154.1	96.75	November 28	164.1	96.50

[1] For the figures from October 1925 until August 1927 vide Annex L of the Report 1926/1927.

Annex N.

Discount rates

	Discount (per cent)	Since
Reichsbank	9	26. 2. 25
	8	12. 1. 26
	7	27. 3. 26
	6½	7. 6. 26
	6	6. 7. 26
	5	11. 1. 27
	6	10. 6. 27
	7	4. 10. 27
Oesterreichische Nationalbank	9	3. 9. 25
	8	27. 1. 26
	7½	1. 4. 26
	7	6. 8. 26
	6½	17. 1. 27
	6	5. 2. 27
	7	20. 7. 27
	6½	24. 8. 27
	6	27. 1. 28
	6½	17. 7. 28
Federal Reserve Bank of New York	3½	27. 2. 25
	4	7. 1. 26
	3½	23. 4. 26
	4	12. 8. 26
	3½	5. 8. 27
	4	3. 2. 28
	4½	18. 5. 28
	5	12. 7. 28
Bank of England	5	3. 12. 25
	4½	21. 4. 27
Banque de France	6	9. 7. 25
	7½	31. 7. 26
	6½	16. 12. 26
	5½	3. 2. 27
	5	14. 4. 27
	4	29. 12. 27
	3½	19. 1. 28
Banque Nationale de Belgique	7	30. 11. 25
	7½	11. 3. 26
	7	23. 4. 26
	6½	12. 1. 27
	6	9. 2. 27
	5½	27. 4. 27
	5	22. 6. 27
	4½	17. 11. 27
	4	30. 6. 28
Nederlandsche Bank	3½	3. 10. 25
	4½	13. 10. 27
Banque nationale suisse	3½	22. 10. 25
Sveriges Riksbank	4½	8. 10. 25
	4	21. 4. 27
	3½	2. 1. 28
	4	1. 5. 28
	4½	24. 8. 28

REPORT No 8

OF THE

COMMISSIONER

FOR THE

GERMAN RAILWAYS

December 2, 1928

Commissariat for the German Railways
Berlin W 8. — Voss-Strasse 35

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Report No. 8 of the Commissioner for the German Railways to the Reparation Commission.

Berlin, December 2, 1928.

The third business year of the German Railway Company terminated on December 31, 1927, and in my last report, dated June 1, 1928, I discussed the accounts for the year which had just been drawn up and published by the Board in conformity with the law. The fourth year of the application of the Experts' Plan terminated on August 31, 1928.

In the present report I shall give an account of the execution of the reparation payments during the fourth annuity year and I shall analyse the first results obtained in the operation of the Company during 1928.

At the end of this year three members of the Managing Board appointed by the Government of the Reich and three members appointed by the Trustee for the German Railway bonds are due to retire in conformity with the provisions of Article 13 of the Company's Statutes. The drawings by lot, which took place at the meeting of the Board held last September, designated the following members for retirement:

Messrs. Blum, Buck and Ott, appointed by the Government;
Messrs. Habich, Mance and Margot, appointed by the Trustee.

These members are eligible for re-election. In addition Dr. Luther, who was appointed by the Government of the Reich, has resigned his membership as from December 31, 1928.

* * *

GENERAL REVIEW.

As the following report will show, the Company punctually effected its reparation payments. In the fourth annuity year these payments totalled 660 millions gold marks, thus reaching the amount fixed for the standard annuity in respect of interest and amortisation of the reparation bonds. To these payments were added 290 millions derived from the proceeds of the Transport Tax; the balance of the proceeds, which totalled altogether some 314 millions, was paid to the Reich. During the business year 1927, which overlapped the third and fourth annuity years, the Company paid a total sum of 590 million marks for the service of the reparation bonds. During the business year 1928 and in subsequent years the Company will have to pay the standard annuity of 660 millions.

I shall summarise hereafter the principal results of the Company's operations in respect of traffic, operating receipts and payments and the increase of tariffs.

Development of traffic.

The year 1927 was characterised in Germany by great economic activity in almost all branches of industrial production. This activity was due more particularly to the heavy demands of the home market, since export trade remained fairly moderate.

During that year railway traffic accordingly developed very satisfactorily. The total receipts amounted to ℛ.ℳ 5,039 millions, showing an increase of 11 % by comparison with 1926 and of 8 % by comparison with 1925, which was also a very satisfactory year. Nevertheless receipts from passenger traffic showed an increase of only 4.5 % by comparison with 1926 and fell short of the 1925 receipts. Receipts from goods traffic on the other hand made great strides and yielded an increase of 14 % by comparison with 1926 and of 12.5 % by comparison with 1925.

The rapid increase of economic activity from the autumn of 1926 to the end of 1927 was succeeded in 1928 by a period of stability and the current year has failed to show a similar development of traffic. During the first three months of the year, the goods tonnage transported still showed an increase of 7 % by comparison with 1927. But in the following months the tonnage figures and the number of cars loaded were much the same as those of 1927. During the period January-September 1928 the number of ton-kilometers increased by 3.2 %, while the receipts from goods traffic increased by only 1.3 %.

The increase of these receipts is less than the increase of tonnage, no doubt owing to the reduction of tariffs following the reform introduced in August 1927.

Passenger traffic, which declined very largely in 1926, only began to recover from the summer of 1927 onwards, that is to say a considerable time after the recovery of goods traffic. On the other hand the recovery was maintained and there was even an increase in 1928. During the first nine months of the present year receipts from passenger traffic, according to provisional calculations, have increased by 5.6 % as compared with last year.

In order to appreciate the general development of railway transportation it is interesting to compare the traffic statistics covering a considerable period prior to the war.

The following tables show the percentage increase of passenger and goods traffic in 1913 as compared with 1901 and in 1927 as compared with 1913. In the second case the 1913 traffic has been calculated for the railway system within the new German frontiers. By way of information the tables also furnish the results obtained on the United States railways (big railways of class I representing by their receipts 95 % of the whole of the American railroads).

Development of traffic: 1913 compared with 1901.
(The year 1901 = 100)

	Length of line	Number of passenger-kilometers	Tonnage loaded	Number of ton-kilometers	Receipts per passenger-kilometer	Receipts per ton-kilometer
Germany	123	203	192	191	89	97
United States	126	200	203	205	100	97

Development of traffic: 1927 compared with 1913.
(The year 1913 = 100)

	Length of line	Number of passenger-kilometers	Tonnage loaded	Number of ton-kilometers	Receipts per passenger-kilometer (including tax)	Receipts per ton-kilometer (including tax)
Germany	105	124	109	126	132	140
United States	100	97	108	142	144	149

Despite the great differences in the position of the two countries, the figures in the above tables show that during the pre-war period (1901-1913) the development of transportation was comparable: the number of passenger-kilometers increased by 103% in Germany and by 100% in America; the goods tonnage loaded and the number of ton-kilometers increased by 92% and 91% respectively in Germany as compared with 103 and 105% in America.

During the same period the total length of the German State railway lines increased by 23% while that of the American railways increased by 26%; the average receipts per passenger-kilometer and per ton-kilometer dropped slightly in both countries.

During the period 1913-1927 there was an increase of 24% in passenger-kilometers in Germany as against a decline of 3% in America; the goods tonnage loaded increased by 9% in Germany and 8% in America, while the number of ton-kilometers increased by 26% in Germany as compared with 42% in America.

During the same period the receipts per passenger-kilometer rose by 32% in Germany as against 44% in America, while receipts per ton-kilometer rose by 40% in Germany as against 49% in America. These figures have been calculated with due allowance for the tax. It is interesting to compare them with the index of wholesale prices of goods which was 138 in Germany and 147 in America in 1927 as compared with 1913.

When considering the development of traffic, it must not be forgotten that the United States railways have had to face very acute competition during the last few years owing to the great

development of motor transport, which has by no means grown to the same extent in Germany. Competition has primarily affected the transport of goods over short distances, and this explains why the number of ton-kilometers has increased far more rapidly than the goods tonnage loaded. But the effect of competition has been much more noticeable in passenger traffic. Thus the number of passenger-kilometers in America, which increased by 38 % from 1913 to 1920, has since fallen steadily until it was 3 % below the 1913 figure.

For the sake of comparison I will also quote figures for French railway traffic. In the case of the five big companies the number of passenger-kilometers increased by 40 % from 1901 to 1913 and by 27 % from 1913 to 1927; the goods tonnage loaded increased by 39 and 16 % respectively and the number of ton-kilometers by 56 and 32 %.

All the above figures show that, both abroad and in Germany, railway traffic developed far less rapidly after 1913 than in the preceding period. The reasons for this fact are obvious. In the first place there are the exceptional difficulties of the war and the earlier post-war period, while during the last few years the construction of new lines has ceased and the competition of motor transport has developed. In Germany, where the country's economic life suffered particularly until the end of the inflation, a general revival set in in 1925 and since then, as we have already seen, railway traffic has developed very considerably. But the operating results in 1928, although satisfactory up to the present, appear to confirm the forecasts that economic activity is developing less rapidly and it would be unwise to expect a development of traffic in the near future equal to that of the last few years.

Operating receipts and payments.

The following table furnishes a comparison of operating receipts and payments in the first four business years of the Company and in the business year 1913. In the case of 1928 the figures refer to the first nine months.

Year	1928	1927	1926	1925	1913
	in millions of reichsmarks				
Operating receipts	3,844.5	5,039.3	4,540.8	4,669.0	3,057.7
Operating payments	3,218.2	4,158.8	3,680.6	3,974.8	2,205.2
Operating surplus	626.3	880.5	860.2	694.2	852.7
Operating co-efficient	83.71 %	82.53 %	81.06 %	85.13 %	72.12 %

The receipts of 1925 were very favorable. In 1926, owing to the decline of traffic, the Company attempted to restrict expenditure but confined the reductions entirely to the expenditure on consumption and on the upkeep and renewal of plant and material, while the expenditure on staff remained unchanged, in spite of reductions in personnel, which were counterbalanced by salary and wage increases.

1927 benefited by an exceptional development of traffic, and receipts consequently increased by 498 millions or 11%. But expenditure also increased considerably, exceeding that of 1926 by 478 millions and that of 1925 by 184 millions. Every category of expenditure increased, in particular the expenditure on consumption which naturally rises parallel with traffic, and also the cost of maintenance and renewals, since here it was desired to make good the reductions of the previous year.

During the first nine months of 1928 the total receipts show an increase of 3.1% by comparison with the same period in 1927. Operating payments however show a very much larger increase of approximately 280 millions or 9.5%. Expenditure on staff, which increased by 246 millions in the nine months or 16.2%, is mainly responsible for this. On the other hand, expenditure on material for maintenance and renewals has remained practically stationary despite the rise of prices.

The results for 1928 are as yet only partially known and may present a somewhat different aspect when they also include the last three months of the financial year. Certain expenditure will not be actually incurred until the end of the year. On the other hand, the receipts during the last few months will benefit by the tariff increase, which came into force in October and will be discussed later on. The Company estimates on the whole, with due allowance for reparation payments and for the appropriations from operating receipts required to cover part of the expenditure on capital account, that the business year 1928 will probably balance almost exactly, or will at most close with a slight deficit.

The operating co-efficient, that is to say the ratio of payments to receipts, which was 72% in 1913, worked out in the years 1925 to 1928 respectively at 85.13, 81.06, 82.53 and 83.71%.

The net operating profits were devoted in the first place to the service of the reparation bonds and secondly to the service of debts or new loans, the amount of which was only very small (2 millions in 1927). The balance was assigned to reserves, to writings off and for the payment of dividends on the preference shares.

The following table illustrates the utilisation of the Company's total receipts in 1927 and of the railway receipts in 1913 (for the system within the new frontiers).

Distribution of total receipts in 1927 and in 1913 (new frontiers).

Years	1927		1913	
	Amount (millions of RM)	Percentage	Amount (millions of RM)	Percentage
Expenditure on staff (including workmen on the permanent way and in the workshops)	2,611.5	51.8	1,350.2	44.2
Expenditure on material and miscellaneous objects	1,547.3	30.7	855.0	27.9
Total operating expenditure	4,158.8	82.5	2,205.2	72.1
Service of debts and loans, and of reparation bonds	592.6	11.8	450.3	14.8
Divid end	61.6	1.2	—	—
Transfer to the State	—	—	108.2	3.5
Reserves and Balance carried forward, or extraordinary expenditure	226.3	4.5	294.0	9.6
Total equalling amount of receipts	5,039.3	100.0	3,057.7	100.0

In 1927 the staff absorbed 51.8 % of the total receipts: expenditure on material and other objects absorbed 30.7 %. There remained a net operating surplus of 17.5 %, of which 11.7 % was used for the service of the reparation bonds. It should be added that in 1928 it is estimated that the proportion of receipts absorbed by staff will be 56 %.

In 1913 the expenditure on staff absorbed 44 % of the receipts and the expenditure on material and other objects 28 %, leaving a net surplus of 28 %.

The considerable increase in the proportion of receipts absorbed by staff (from 44 % to 51.8 %) will be noted. The expenditure on staff has almost doubled since 1913. On the other hand, the operating surplus assigned to capital charges, payments to the State or to reserves, has declined from 28 to 17.5 %, of which only 11.7 % is assigned to reparation payments.

The service of the reparation bonds has taken the place of the capital liability of the German Railway, which disappeared in the inflation. It represents interest at only 2.4 % on the capital, which is estimated at 24.5 milliards, and can therefore be regarded as a perfectly reasonable charge.

A comparison with the position of the big class I railways of the United States shows that in 1927 the total receipts, after the deduction of taxes, were distributed as follows: 46 % on expenditure on staff, 35 % on expenditure on material and other objects, and 18 % on net income assigned to capital charges and representing a yield of about 4.27 % on a capital estimated by the Companies at $ 25,025,000,000.

It should be added that the taxes payable by the American railways amounted to $ 375 millions or 6.5 % of the receipts remaining

to the Companies. In Germany the transport tax yielded *RM* 314,000,000 during the annuity year 1927-28, or 5.9 % of the receipts of the Reichsbahn.

Increase of tariffs.

As I announced in my previous reports, a Government Bill passed by the Reichstag in December 1927 introduced a general increase in the salaries of officials retroactively as from October 1, 1927. The German Railway Company raised the salaries of its own officials in the same proportion. The gross increase of salaries, taking into account the modification of supplementary bonuses, works out on an average at 15.5 %.

Similar increases were granted to pensioned officials and to those on retaining pay. As was to be foreseen, these increases were followed by demands for higher wages on the part of the workmen employed by the Company and by other industries, and these demands were complied with in part at any rate.

On account of these increases, the index figure for the average salary of the Company's officials compared with that of 1913 works out at 183.2. Taking into account the index figure for the cost of living which is about 152, it will be seen that the purchasing power of an official's salary is about 121 % of the pre-war salary.

In the case of workmen, the hourly wage has more than doubled since 1913, giving a purchasing power of 133. Taking the annual average wage, the index figure works out at 187, representing a purchasing power of 123.

For the sake of comparison, I would mention that on the American railways the increase of wages since 1914 represents a purchasing power of 126, taking into account the cost of living.

When one considers that in March 1924, when the enquiries preparatory to the Dawes Plan were held, the average wage of German Railway employees was estimated as being considerably lower than the 1913 wage, it is evident that the Company has since that time very greatly improved the wage conditions of its officials and workmen. It was perfectly just to allow the staff, which was underpaid in 1924, to benefit largely by the improvement in receipts, but a certain amount of prudence must also be exercised and the financial stability of the Company should not be compromised by exaggerated and precipitate measures. The Company estimates that the increases of wages, pensions and various grants introduced since the beginning of 1927, the full effect of which will be felt in the business year 1928, will entail additional expenditure amounting to 436 millions for the whole year.

It was to be expected that, despite the very favorable development of receipts during the last few years, the considerable increase of expenditure would necessitate the raising of tariffs.

The Company however desired to avoid or to postpone such measures as long as possible, since they are naturally unfavorable to the country's economic life and very unpopular, and accordingly all proposals for an increase of rates were postponed until the

spring of 1928. It was then obvious that the receipts this year would not yield a surplus comparable with that of the previous year. On the other hand there was no hope of making good the enormous increase of expenditure by saving on the operating payments, of which more than 60 % represent expenditure on staff.

The Company was therefore obliged to make formal application for an increase of tariffs and the application was submitted to the Transport Minister together with an explanatory memorandum on May 1 last. The Company's proposals provided for an additional 250 million marks of receipts, distributed approximately as to $^1/_5$ on the increase of passenger rates and $^4/_5$ on the increase of freight rates.

In the case of passenger rates the proposal was combined with a reform of the system of classification, involving the abolition of the fourth class, the fares for which were not sufficiently profitable, but at the same time reducing the fares of the three other classes.

The Transport Minister replied on June 5 that for the time being he could not give his approval to the application, but he added that he was prepared to re-open negotiations with the Company, should a further examination of the question be necessitated by the financial position of the Company and as a result of the development of receipts in the ensuing months.

After the formation of the new Government following the general election, the Company renewed its application and emphasized the urgent need for a solution.

In its decision, communicated on July 23, the Government again rejected the application, expressing the view that the documentary evidence supplied did not constitute sufficient evidence of the necessity for a tariff increase. It was added that the Government would for this reason prefer, before taking a definitive decision in a question of such vital importance to the country, to await the future development of the Railway's receipts.

Nevertheless, in view of the Company's desire for a prompt decision, the Government made no objection to submitting the question "whether and to what extent an increase of tariffs is necessary" forthwith to the Special Tribunal for which provision is made in § 44 of the Railway Law.

Arbitral Award.

In consequence of this decision, the question was submitted by joint agreement to the Special Tribunal. On August 1924 last the Court made its award, in which it fully approved the application of the Company, or in other words decided that the Company should be authorised to introduce a general increase of tariffs calculated to yield a sum of *RM* 250 millions, the increase to be distributed between passenger and goods traffic in the proportion of 1 to 4. The Court further favoured the application of the new three class system for passengers, but recommended an increase, instead of the proposed reduction, in the first class fare.

Annexed to my report (Annex XIII) is a translation of the award, the reasons for which are set forth at considerable length together with interesting observations on the financial position and the administration of the Company. The arguments on which the award is based show that the court desired to inform itself fully as to the circumstances rendering a tariff increase necessary.

Without wishing to examine in detail the grounds of the award, I consider that the principal points deserve attention.

In the first place the Court minutely examined the accounts and the balance-sheet of the Company, which had given rise to criticism in certain quarters and incurred the accusation of concealed reserves and excessive writings off with the object of disguising profits. The Court criticises the method of drawing up the accounts and the balance-sheet, which it considers is still very largely governed by bureaucratic conceptions, and recommends the adoption of purely commercial methods of accounting. On the other hand the Court regards the accusation of concealed reserves and excessive writings off as entirely unfounded, and considers that on the contrary the writings off and renewals of plant hitherto effected are inadequate. After redrafting the accounts on its own lines and basing its calculations on estimates representing the probable receipts and the payments which it considers necessary, the Court concludes that the 1928 budget, without a tariff increase, would close with a deficit of 489 millions—that is to say, with a deficit far exceeding the Company's estimates and the returns to be expected from the tariff increase.

I should however point out that the writings off which the Court considers necessary, without however adducing any arguments, appear to be exaggerated. To the best of my belief, they far exceed the regular writings off of other big railway undertakings and those effected in Germany before the war. In the course of this report fuller explanations on this point will be found together with an analysis of the expenditure on renewals incurred by the Company, which appears to be quite adequate.

It should be added that, even if the writings off which the Court considers necessary are reduced, thus diminishing the extent of the deficit, the proposed tariff increase is still required to balance the budget.

The Court also draws attention to the item in the balance-sheet representing the legal reserve, which at the end of 1927 already amounted to 305 million marks and has to be increased until it reaches the maximum of 500 millions. The Court maintains that this reserve, which acts as a guarantee for the regular service of the reparation bonds, ought always to be readily realisable. In my previous report I have already drawn attention to this point.

Turning to operating payments, the Court finds that the difficulties of the present position are mainly due to the considerable increase of expenditure on staff, following the raising of salaries and the shortening of the working week. In particular, attention is drawn to the additional expenditure on pensions, which con-

stitutes a political charge, although the Government refuses to recognise it as such, and is due to the enormous increase of the staff during the inflation. Expenditure under this heading is estimated at 212 millions per annum. The Court also criticises the large volume of orders for rolling stock placed in 1927, which do not appear to be entirely justifiable.

In conclusion the Court acknowledges the absolute necessity for the tariff increase demanded, despite the dangers it involves for the business community. The Court estimates that the increase will yield only 100 millions in 1928 and 250 millions in subsequent years. Although, according to its calculations, this amount is not sufficient to balance the budget, it does not think it advisable to approve a tariff increase higher than that proposed by the Company, but recommends that the latter should observe a policy of strict economy and the organisation of strict supervision of expenditure in all departments.

In regard to expenditure on capital account, the Court raised the question whether the Company was not charging too much to the extensions account. This question will be dealt with further on in the report where all essential explanations will be found.

The Court estimates that, at the very least, the expenditure on extensions during the next nine years will amount to two milliards. The Company will have great difficulty in finding the requisite capital, although this expenditure is necessary in order to keep pace with the normal economic development of Germany. The Government is therefore advised to assist the Company by procuring funds (estimated at 1 milliard marks), so that the normal development of the Railway—which is the property of the Reich and one of its most valuable assets—may be assured.

Application of the new tariffs.

Following the Award, the increased tariffs were put into force on October 1 in the case of goods and on October 7 in the case of passenger traffic. All explanations in this connection will be found in the section of the report dealing with tariffs.

I would only mention that in the case of goods the tariffs have been increased by 11% instead of 10% as originally contemplated. Compensation has however been afforded at the request of the Government by exempting certain tariffs, such as the foodstuffs tariff, from the increase. In accordance with the Company's original proposals, the transit tariffs, the seaport tariffs, and the competitive tariffs have also been exempted. At the same time the reductions long since demanded have been introduced for coal, hay, straw and export iron.

As regards passenger traffic, the new tariff entails the abolition of the fourth class and provides for a third and second class, the fares for which are considerably reduced, and a first class the fares for which have ultimately been raised, as recommended by the Court. The increase appears however to be inspired by social rather than by economic considerations, and the first class, already

very little used in Germany, will in future be regarded merely as a luxury class maintained only on international trains and some long-distance trains.

It is not yet possible to ascertain the exact consequences of the tariff increase on passenger and goods traffic. In the case of passenger traffic it appears that the new classification is having the hoped for effect of greater utilisation of the second class and the express trains.

As already stated, the average rate paid per passenger-kilometer (tax included) was 32% higher in 1927 than in 1913. This proportion will apparently be raised to about 37% by the tariff increase.

In the case of goods the average rate per ton-kilometer was 40% higher in 1927 (tax included) than in 1913. After the general increase and the other tariff modifications introduced since 1927 the proportionate increase will apparently now work out at about 47%. The general level which passenger and goods tariffs have thus reached does not appear excessive in comparison with the general level of prices in Germany, since the index figure during the last few months was 141 for wholesale prices of goods and 152 for the cost of living as compared with 1913.

For comparative purposes I would recall that the increase in the average cost of transport in 1927 as compared with 1913 per passenger-kilometer works out at 57% in Switzerland, 73% in Sweden and 44% in America, while the increase per ton-kilometer is 50% in Switzerland, 82% in Sweden and 49% in America.

Considerations on the position of the Company.

The tariff increase just introduced by the Reichsbahn actually represents an increase of about 3% in the total receipts from passenger traffic and 6.5% in the total receipts from goods traffic. This is the only increase in goods tariffs introduced since the creation of the Company, and it is improbable that it will have any very serious effect on the development of traffic. Moreover there is every reason to believe that the Company, by pursuing a policy of reasonable economies in accordance with the sound recommendations of the Railway Court, will be able in the ensuing years to cover expenditure without resorting to a fresh tariff increase, provided always that no new and unexpected charges are imposed upon the undertaking in the form of increased expenditure on staff or material, of such a character as to destroy the balance of its budget.

As a matter of fact the Reichsbahn is on the whole in rather an advantageous position. The charges in respect of capital, shares, reparation bonds and other debts absorb a comparatively small percentage of the receipts (about 13%). The German railway system was very extensively developed before the war and equipped with plant on a large scale, and at its creation the Company came into possession of rolling stock considerably in excess of its requirements. In addition traffic and receipts have developed

very satisfactorily during the last few years. Expenditure also is increasing, it is true, particularly the expenditure on staff. Under this heading the Company has to bear a heavy burden in respect of pensions and retaining pay, which had to be granted to the large number of employees dismissed after the extensive inflation of staff in 1919. Despite this burden, for which the Company itself is not to blame, and taking into consideration the other conditions governing operations, the Reichsbahn does not therefore appear to be at a disadvantage as compared with foreign railways.

It is true that in Germany as in other countries the railway has greater difficulties to face at the present day as regards finance than before the war. On the one hand the growth of traffic and receipts is inferior owing to competition from new means of transport and to other circumstances. On the other hand the considerable increase in the cost of labour weighs heavily upon this industry which employs a very large staff. The railways, without exception, cannot overcome these difficulties save by the severe restriction of expenditure and constant efforts to perfect their operating methods, in order to secure a greater return on the staff and the material.

In this connection reference may be made to the results obtained by the American railways (class I), which from 1913 to 1927 reduced their staff by 2.8 % while there was a great increase in traffic: viz. 42 % in the number of ton-kilometers and 8 % in the goods tonnage loaded.

Similarly, a survey of the operation of the Reichsbahn during the last few years reveals that from 1925 to 1927 the total staff was reduced by 4 %, whereas the number of ton-kilometers increased by 16 % and the tonnage loaded by 14 %.

Rationalisation and economies are even more essential when traffic diminishes or remains stationary. From 1923 to 1927 traffic on the American railways increased by only 4 % in ton-miles, while passenger traffic declined. During this period it was possible to reduce the number of employees by 6.5 %, and although wages had risen in the interval a saving of about 3 % on the total wage payments was realised.

During the first eight months of 1928 the receipts of the American railways, which had already declined in 1927, declined by a further 2.8 %; but it was possible to reduce expenditure by a further 4 % and the net operating surplus ultimately exceeded that for the corresponding period of 1927 by 1.4 %.

These examples show the results which can be obtained by railways if they pursue a policy of economy and rationalisation. But the effects of such a policy are limited and the profit realised on their working is relatively small. Budgetary stability would therefore be compromised by outside intervention resulting in the imposition of excessive or inopportune expenditure, or in a loss of receipts following unjustifiable tariff reductions

* * *

REPARATION PAYMENTS.

The following table illustrates the sums paid by the Reichsbahn in respect of the Railway Bonds and the sums paid out of the proceeds of the transport tax in each reparation year. The total amount of the annuity including the other reparation payments in each year is also shown in a parallel column.

Annuity year	Service of Railway Bonds	Payments out of proceeds of transport tax	Total Annuity
	(in millions of reichsmarks)		
1st year: 1924-25.....	200	—	1,000
2nd » 1925-26.....	595	250	1,220
3rd » 1926-27.....	550	290	1,500
4th » 1927-28	660	290	1,750
5th » 1928-29 and Standard years	660	290	2,500

Reparation bonds.

The above table shows that as from the fourth annuity year (September 1, 1927—August 31, 1928) the Company discharged the interest and amortisation of its bonds to the standard amount of 660 millions, although the reparation annuity as a whole does not reach the standard figure until the fifth year.

The service of the reparation bonds takes the place of the Company's former capital debt which has now disappeared. Taking the sum of 660 millions thus paid in relation to the operating receipts for 1927, which amounted to 5 039 millions, the ratio of the reparation payments works out at 13.1 %. The ratio is even reduced to 12.8 % in the case of the 1928 operating receipts, which according to the latest estimates that it is possible to make at the present time will exceed 5,160 millions.

It is interesting to note the percentage of capital charges (not including writings off)—that is to say the charges represented by the interest on bonds and the dividend on shares—as compared with the operating receipts of certain foreign railways. On the principal railways of the United States the proportion was 14 % in 1926, while for the Swiss Federal Railways it was 28 % in 1927. In the case ot the five big French companies it was 35 % in 1913 and, despite the depreciation of the franc, which considerably reduced the capital charges, it was still 16 % in 1927. For a just appreciation of the charges at present borne by the French railways, it must also be remenbered that the transport taxes were considerably increased in 1926. In 1927 the proceeds of these taxes represented 20 % of the receipts of the railways.

Conditions certainly vary in the different countries, and comparisons of this nature must necessarily be made with all reserve, but it is nevertheless clear from the above figures that the reparation and other capital charges borne by the Reichsbahn, when compared with the receipts, are considerably less than the capital charges borne by the aforementioned foreign railways.

Annex II shows the payments made to date by the Company in respect of the reparation bonds, and also the monthly amount of the payments during the last few years.

The Experts Plan made provision for half yearly payments but, as I have already explained in my previous reports, agreements concluded in each year between the Company and the Agent General for Reparation Payments, with the approval of the Reparation Commission, provide for the substitution of monthly payments; in addition the Company is granted discount on the anticipatory payments made under this arrangement.

During the first few years the discount rate was 6% per annum, which was reduced to 5% by the agreement concluded for the fourth annuity year. The last mentioned agreement is automatically renewed year by year unless denounced by one of the parties at three months' notice.

On May 29 last, before the expiration of the period allowed for denunciation the Company informed the Agent General that it wished the discount rate to be changed as from the beginning of the fifth annuity year. In May 1927, when the agreement reducing the discount to 5% was concluded, the Reichsbank discount rate was also 5%. On June 9, 1927, it was raised to 6% and on October 4, 1927, to 7%, since when it has remained at that figure.

The negotiations on the question led to the conclusion of an agreement for the fifth annuity year, which provided for a 6% discount on all the payments made prior to the legal date, in the place of the 5% rate in force during the fourth annuity year. In every other respect the terms of the agreement on anticipatory payments remained the same as in the previous year.

The first three payments for the fifth annuity year were effected under the new arrangement on October 1, November 1 and December 1, 1928.

Transport Tax.

As will be seen from the table at the beginning of this chapter, the transport tax collected by the Company is payable on reparation account to the amount of 290 millions *GM* since the third annuity year.

During the fourth annuity year the proceeds of the tax exceeded the above figure and according to the figures as at present known, which are still only provisional, they totalled 314 millions. The exact amount will no doubt differ only very slightly, but it cannot be ascertained for several months until a certain number of railway receipts, the calculation of which is always delayed, have been brought into account for the period under consideration.

Since the beginning of the third annuity year, in virtue of an agreement which I have already explained, the Company has ceased to make direct payment of the monthly proceeds of the tax to the Agent General. Instead the Company hands over the proceeds to the Finance Ministry, which in turn makes the payments to the Agent General according to a scheme established in advance, without reference to the amount received from the Company in any one month. Accordingly for the fourth Annuity year eleven monthly instalments of *G.M* 24,166,000 were paid from October 15, 1927, to August 15, 1928, and on September 21, 1928, an additional payment of *G.M* 24,174,000 was made which, together with the first eleven payments, made up the total of 290 millions.

A new agreement between the Agent General and the Finance Minister provides for the application of the same arrangement to the fifth annuity year, with the sole difference that the eleven monthly instalments will amount to *G.M* 24,166,666.66 while the additional payment will provide the balance required to make up the 290 millions. The payments for October and November 1928 have already been made on this basis.

Annex III shows the payments in respect of the transport tax made by the Company and by the Reich respectively.

As I forecasted in my previous report, an important question arose in connection with the reform of the classification of passengers, which was introduced at the beginning of October simultaneously with the increase of railway rates. For the four-class system hitherto in force the Company substituted a three-class system, comprising a 1st class which is more in the nature of a luxury class, a 2nd class, and a 3rd class which last replaces the old 3rd and 4th classes.

Passenger rates are subject to the transport tax formerly levied at the rate of 16, 14, 12 and 10% respectively according to the class, with the exception of military transports and certain cheap season tickets which are exempted from the tax.

In the scheme for the tariff increase, the Company proposed to fix the rates of taxation at 16 and 14% for the new 1st and 2nd classes, and at only 10% on the 3rd class, as it believed that a large proportion of 3rd class passengers would in future travel 2nd under the greatly reduced tariff for the latter class, and that the 3rd class would be mainly frequented by the former 4th class passengers who were liable to a tax of only 10%. The Company estimated that the revised classification together with the increase of goods tariffs, by raising the total receipts, could not fail to increase the yield of the tax.

These estimates in regard to the yield of the tax appeared to be somewhat hazardous, for it is impossible to foresee how passengers will be distributed under the new classification. For this reason the Finance Minister of the Reich decided to fix the tax on the new 3rd class at 11%, or half-way between the 12 and 10% levied on the old 3rd and 4th classes respectively.

very satisfactorily during the last few years. Expenditure also is increasing, it is true, particularly the expenditure on staff. Under this heading the Company has to bear a heavy burden in respect of pensions and retaining pay, which had to be granted to the large number of employees dismissed after the extensive inflation of staff in 1919. Despite this burden, for which the Company itself is not to blame, and taking into consideration the other conditions governing operations, the Reichsbahn does not therefore appear to be at a disadvantage as compared with foreign railways.

It is true that in Germany as in other countries the railway has greater difficulties to face at the present day as regards finance than before the war. On the one hand the growth of traffic and receipts is inferior owing to competition from new means of transport and to other circumstances. On the other hand the considerable increase in the cost of labour weighs heavily upon this industry which employs a very large staff. The railways, without exception, cannot overcome these difficulties save by the severe restriction of expenditure and constant efforts to perfect their operating methods, in order to secure a greater return on the staff and the material.

In this connection reference may be made to the results obtained by the American railways (class I), which from 1913 to 1927 reduced their staff by 2.8 % while there was a great increase in traffic: viz. 42 % in the number of ton-kilometers and 8 % in the goods tonnage loaded.

Similarly, a survey of the operation of the Reichsbahn during the last few years reveals that from 1925 to 1927 the total staff was reduced by 4 %, whereas the number of ton-kilometers increased by 16 % and the tonnage loaded by 14 %.

Rationalisation and economies are even more essential when traffic diminishes or remains stationary. From 1923 to 1927 traffic on the American railways increased by only 4 % in ton-miles, while passenger traffic declined. During this period it was possible to reduce the number of employees by 6.5 %, and although wages had risen in the interval a saving of about 3 % on the total wage payments was realised.

During the first eight months of 1928 the receipts of the American railways, which had already declined in 1927, declined by a further 2.8%; but it was possible to reduce expenditure by a further 4% and the net operating surplus ultimately exceeded that for the corresponding period of 1927 by 1.4 %.

These examples show the results which can be obtained by railways if they pursue a policy of economy and rationalisation. But the effects of such a policy are limited and the profit realised on their working is relatively small. Budgetary stability would therefore be compromised by outside intervention resulting in the imposition of excessive or inopportune expenditure, or in a loss of receipts following unjustifiable tariff reductions

REPARATION PAYMENTS.

The following table illustrates the sums paid by the Reichsbahn in respect of the Railway Bonds and the sums paid out of the proceeds of the transport tax in each reparation year. The total amount of the annuity including the other reparation payments in each year is also shown in a parallel column.

Annuity year	Service of Railway Bonds	Payments out of proceeds of transport tax	Total Annuity
	(in millions of reichsmarks)		
1st year: 1924-25.....	200	—	1,000
2nd » 1925-26.....	595	250	1,220
3rd » 1926-27.....	550	290	1,500
4th » 1927-28	660	290	1,750
5th » 1928-29 and Standard years	660	290	2,500

Reparation bonds.

The above table shows that as from the fourth annuity year (September 1, 1927—August 31, 1928) the Company discharged the interest and amortisation of its bonds to the standard amount of 660 millions, although the reparation annuity as a whole does not reach the standard figure until the fifth year.

The service of the reparation bonds takes the place of the Company's former capital debt which has now disappeared. Taking the sum of 660 millions thus paid in relation to the operating receipts for 1927, which amounted to 5 039 millions, the ratio of the reparation payments works out at 13.1 %. The ratio is even reduced to 12.8 % in the case of the 1928 operating receipts, which according to the latest estimates that it is possible to make at the present time will exceed 5,160 millions.

It is interesting to note the percentage of capital charges (not including writings off)—that is to say the charges represented by the interest on bonds and the dividend on shares—as compared with the operating receipts of certain foreign railways. On the principal railways of the United States the proportion was 14 % in 1926, while for the Swiss Federal Railways it was 28 % in 1927. In the case of the five big French companies it was 35 % in 1913 and, despite the depreciation of the franc, which considerably reduced the capital charges, it was still 16 % in 1927. For a just appreciation of the charges at present borne by the French railways, it must also be remenbered that the transport taxes were considerably increased in 1926. In 1927 the proceeds of these taxes represented 20 % of the receipts of the railways.

Conditions certainly vary in the different countries, and comparisons of this nature must necessarily be made with all reserve, but it is nevertheless clear from the above figures that the reparation and other capital charges borne by the Reichsbahn, when compared with the receipts, are considerably less than the capital charges borne by the aforementioned foreign railways.

Annex II shows the payments made to date by the Company in respect of the reparation bonds, and also the monthly amount of the payments during the last few years.

The Experts Plan made provision for half yearly payments but, as I have already explained in my previous reports, agreements concluded in each year between the Company and the Agent General for Reparation Payments, with the approval of the Reparation Commission, provide for the substitution of monthly payments; in addition the Company is granted discount on the anticipatory payments made under this arrangement.

During the first few years the discount rate was 6% per annum, which was reduced to 5% by the agreement concluded for the fourth annuity year. The last mentioned agreement is automatically renewed year by year unless denounced by one of the parties at three months' notice.

On May 29 last, before the expiration of the period allowed for denunciation the Company informed the Agent General that it wished the discount rate to be changed as from the beginning of the fifth annuity year. In May 1927, when the agreement reducing the discount to 5% was concluded, the Reichsbank discount rate was also 5%. On June 9, 1927, it was raised to 6% and on October 4, 1927, to 7%, since when it has remained at that figure.

The negotiations on the question led to the conclusion of an agreement for the fifth annuity year, which provided for a 6% discount on all the payments made prior to the legal date, in the place of the 5% rate in force during the fourth annuity year. In every other respect the terms of the agreement on anticipatory payments remained the same as in the previous year.

The first three payments for the fifth annuity year were effected under the new arrangement on October 1, November 1 and December 1, 1928.

Transport Tax.

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These estimates in regard to the yield of the tax appeared to be somewhat hazardous, for it is impossible to foresee how passengers will be distributed under the new classification. For this reason the Finance Minister of the Reich decided to fix the tax on the new 3rd class at 11%, or half-way between the 12 and 10% levied on the old 3rd and 4th classes respectively.

Under the Railway Law, Article 31 paragraph 6, the Government reserves to itself the right as against the Company of abolishing any of the existing passenger classes. The substitution of a single class for the former 3rd and 4th classes, introduced in application of this provision, clearly necessitated the fixation of a new rate for the transport tax.

The Reparation Commission discussed the question at its meeting on September 8 and declared that it had no objection to the application of the 11 % rate to receipts from the new 3rd class passenger traffic, in view of the opinion of the Government of the Reich that under the new arrangements the new rate of taxation would not lead to any decline in the total yield of the tax, but would on the contrary yield a substantial increase.

A decree of the Finance Minister of the Reich dated October 26, 1928, prescribed the application of the revised transport tax as from October 1.

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FINANCING OF CAPITAL EXPENDITURE.

At its creation the German Railway Company was confronted with a large number of big constructional works, distributed all over the system and already begun to a great extent before the war. Some of the schemes were planned with an eye to future developments, but they were in no way proportionate to the funds available at the present day. In addition certain new works were undertaken, as they appeared necessary in order to meet traffic requirements.

Elsewhere in my previous reports I have explained the difficulties encountered by the Company in its efforts to secure the requisite capital for covering expenditure on extensions, difficulties due to the scarcity and consequent high cost of capital on the German market in the face of the great demand.

Consequently the Company is obliged to cut down its expenditure to cover only such works as are really essential to the development of traffic and for keeping level with technical progress.

For 1928 the expenditure on extensions is estimated at a total of about 354 million marks. The expenditure will be covered in part by the proceeds of the sale of 200 million marks worth of preference shares in February last, and in part by loans or grants from the Reich and from individual sources to an amount of 46 millions, while the balance will be met out of reserves or operating surpluses.

For the next few years the Company has prepared a programme of expenditure on extensions up to 1936, in which the expenditure has been scaled down to meet the very limited financial resources. I shall discuss this programme further on.

The expenditure on extensions incurred by the Company during the first four business years (that is to say including the probable results for the business year 1928) is composed as follows.

The following table shows the various branches of new work for which the expenditure was incurred.

Nature of work	1925* (12 months)	1926	1927	1928 (probable results)
	(in millions of reichsmarks)			
A. **Payments for general work to be carried out over the whole of the railway system.**				
1. Dwelling houses for the personnel of the Reichsbahn	13.5	2.6	1.6	0.5
2. Installations for classification yards and fixed installations for the service of the Kunze-Knorr brakes	23.7	9.1	1.0	0.3
3. Reinforcement of bridges to allow for increased loads	29.9	45.3	47.6	35.5
4. Development of safety installations.	4.0	5.2	7.5	5.5
5. Acquisition of land sites and miscellaneous expenditure	20.3	10.8	6.6	7.0
Total A	91.4	73.0	64.3	48.8
B. **Payments for new constructions in the thirty railway districts.**				
1. Construction of new lines and of tracks to supplement existing lines	60.8	57.8	61.1	54.7
2. Construction and alteration of stations and service buildings	109.1	107.9	107.2	88.0
3. Electrification of lines	17.4	18.9	78.0	40.2
4. Construction of repair shops	19.0	9.5	8.7	5.6
Total B	206.3	194.1	255.0	188.5
Total A + B	297.7	267.1	319.3	237.3

* The figures for 1925 refer to the calendar year January 1 — December 31, 1925, and not to the Company's business year which began on October 1, 1924.

The payments shown in this table do not represent the total payments for extensions. In the first place it is necessary to add the share in the general expenses of the Company which has to be borne by the extensions account. Secondly, it is necessary to deduct a certain number of payments which must ultimately be included in the operating account. Lastly, there are other payments for extensions apart from those already shown, namely, payments for extensions effected in respect of upkeep and renewal.

These payments are first of all included in the operating account and are only subsequently appended to the extensions account.

Discrimination of these various payments yields the following table, which indicates the total amount of the payments for extensions. By deducting from these payments the receipts proper of the extensions account—from the sale of land sites, the special reserves and the writings off effected out of operating receipts, etc.—the sums carried forward in the closing balance sheet for each business year under the heading " concession in respect of increases of plant " are arrived at.

Discrimination of payments on extensions	1925* (12 months)	1926	1927	1928 (probable results)
	(in millions of reichsmarks)			
Expenditure charged direct to the extensions account (Total A + B from previous table)	297.7	267.1	319 3	237.3
add for general expenses	19.3	33.4	40.5	29.7
Total C	317.0	300.5	359.8	267.0
deduct for expenditure in respect of renewal in connection with new works	40.3	62.6	78.8	56.0
Total D	276.7	237.9	281.0	211.0
Payments for extensions effected in respect of upkeep and renewal:				
1. equipment, etc.		13.1	14.1	12.0
2. permanent way, buildings, etc.		69.9	100.1	57.0
3. rolling stock and repair shop plant		87.4	94.8	74.0
Total E	21.0	170.4	209.0	143.0
Total D + E	297.7	408.3	490.0	354.0
deduct for receipts derived from the sale of land sites, writings-off effected out of operating receipts, etc.	100.7	0.7	141.5	72.0
Balance representing *the final expenditure in respect of increases in plant* to be carried forward to the assets side of the balance sheet	197.0	407.6	348.5	282.0

* The figures for 1925 refer to the calendar year January 1,—December 31, 1925, and not to the Company's business year which began on October 1, 1924.

Further on in my report I shall furnish some technical explanations of the various extension works carried out by the Company. From the financial point of view the expenditure incurred has given rise to criticism, which is directed against the volume of the expen-

diture or the returns to be expected thereon, which are alleged to be inadequate considering the amount of capital sunk in the work. The criticisms which I shall now examine were voiced in the award of the Special Tribunal regarding the increase of tariffs.

In the first place the Company has been accused of excessive expenditure on extensions, which are said to weigh too heavily on the extensions account.

In reply to this criticism the Company calculated the percentage of expenditure on extensions for the period 1925 to 1928 in relation to the capital invested in the undertaking and to the operating receipts. A similar comparison was established in the case of the German railways before the war and certain foreign railways. The following results were obtained:

Railway system	Business year	Percentage of expenditure on extensions to	
		total capital invested	operating receipts
Reichsbahn	1925 (12 months)	0.80	4.2
	1926	1.62	9.0
	1927	1.37	6.9
	1928	1.06	5.3
Former German railways within the new frontiers	1913	3.18	21.8
United States railways Class I	1927	3.44	12.06

From the above comparison the Company concludes that its expenditure on extensions since its creation has remained within relatively moderate limits.

The calls made by the Company upon the capital market to cover expenditure on extensions are also found upon examination to be very limited in volume. Such calls were made in the form of issues of preference shares, amounting to only 150 millions in 1926 and 200 millions in 1928, no issue having taken place in 1927.

According to the statistical service of the Reich the total issues of transferable securities on the German markets amounted to 4,333 millions in 1926 and 4,227 millions in 1927. In 1928, according to the results for the first half year, it is probable that the volume of issues will be only slightly less than in 1927. These figures show that the calls made by the railway upon the capital resources available on the German market represent only a very small percentage, or something like 3 % for the three years in question. This is much less than the proportion in other countries. For instance in

the United States 11 % of the total issues in 1925, 8 % in 1926 and 13 % in 1927 were devoted to the development of the railways.

On the other hand the Reichsbahn's expenditure on extensions has also been criticised from the point of view of the return thereon. It has been asked whether all the new installations financed under the extensions account will yield a sufficient additional return to guarantee a profit on the capital expended.

In order to deal more thoroughly with this point the Company has embarked upon a special enquiry into its expenditure on extensions with a view to ascertaining its productiveness.

It is fairly easy to ascertain the productiveness in the case of works such as the construction of new lines, the enlargement of installations, electrification and the increase of material and plant, which are designed to create fresh traffic or are necessary to meet heavier traffic in the future, or lastly realise savings on personnel or material.

But much other expenditure may be incurred in respect of which it is impossible to calculate the direct returns. When transports develop in a section of the system and when traffic is on the point of outgrowing the capacity of the plant, the track and the stations, reconstruction or enlargement becomes necessary since the Company cannot evade its legal obligation to undertake all transports for which there is a demand, and because in the interests of the Company itself it is essential that no traffic should be lost. In such a case it is necessary to sink fresh capital, the return on which is included in an increase of previous receipts and can only be determined with great difficulty.

Finally, other works may become necessary such as the strengthening of bridges, improvements in the installation of safety appliances, the transformation of rolling stock, etc. in order to keep pace with technical progress and to increase the comfort and security of the passengers. Yet such works do not necessarily exert any direct influence on the development of traffic, save that they may possibly help the Company to retain that part of its traffic which is threatened by competition.

It will be seen therefore that it would not be easy to ascertain the profit earning capacity separately in each case of new works executed under the extensions account. Owing to this difficulty the Company has treated the question as a whole and has set itself to ascertain the increase of receipts required in order to obtain an adequate return on the capital invested.

The capital sunk in extensions from January 1, 1925, to December 31, 1928, totals 1,235.1 millions, not including payments for extensions directly included in the operating account. The Reichsbahn has calculated that the service of these 1,235.1 millions, at the rate of 9 %, absorbs 111 millions, and that in order to secure an operating surplus equivalent to this sum it would be necessary — assuming that the additional traffic yields a profit of 50 % — for receipts to increase by 222 millions. This increase represents an average increase of traffic for the period under consideration of 1.2 % per annum.

The real increase of traffic from 1925 to 1927 was as a matter of fact far in excess of this average. Actually there was an increase of 4 % per annum taking the receipts as a whole, of 6.3 % taking the receipts from goods traffic alone and of 8 % taking the number of ton-kilometers transported.

The Company therefore considers that the economic development of Germany will fully justify an annual investment of capital, the service of which would be covered by a 1.2 % increase of traffic.

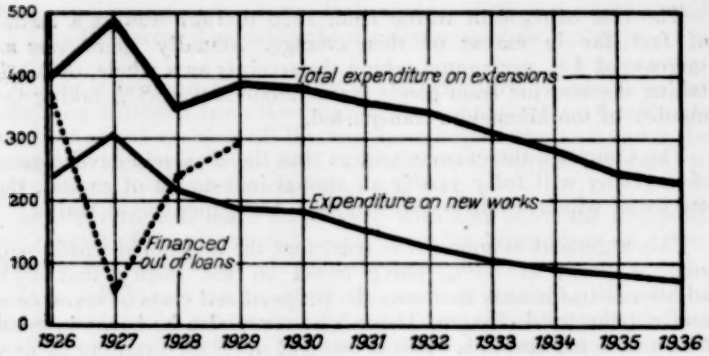
This argument assumes, it is true, that the additional traffic will yield a profit of 50 %, being based on the theory that such additional traffic only increases the proportional costs of transports and not the fixed charges. It must however also be borne in mind that additional traffic is often dependent upon the granting of new exceptional reduced rates, which only yield a very small profit.

It is therefore more prudent to leave aside all hypotheses on the cost price of the additional traffic and only to consider the operating coefficient, as obtained in 1927 on the traffic as a whole which was 82.5 %, leaving a net profit of 17.5 % of the total receipts. Taking this percentage as a basis it will be found that the service of the capital invested during the last few years would be covered by an annual increase of traffic of 3.3 %, and this figure is still slightly below the development of receipts between the years 1925 and 1927.

Considerations regarding the productiveness of the works have weighed with the Company in the drafting of the programme of expenditure on extensions (which I have already mentioned) for the next few years until 1936. In this programme, which will now be examined, the Company has thought it advisable to abandon the usual method of drawing up expenditure on extensions, and to adopt an entirely different classification based on the possibility of calculating the return on the work.

Accordingly expenditure on extensions has been classified under two accounts. The first of these called the "new works account" (Neubaurechnung) comprises the expenditure on capital account in respect of which it is possible to estimate the productiveness approximately. The second account entitled "expenditure for the development of operation" (Ausgaben für Betriebsentwicklung) covers the expenditure for which it is impossible to calculate the return but which entails the improvement of plant and material; e. g. the strengthening of superstructure and bridges, the improvement of rolling stock carried out simultaneously with the work of renewals, and also the perfectioning of safety appliances. Roughly it may be said that the first account embraces the extension and the second account the improvement of the plant and material.

The expenditure on extensions thus planned until 1936 is shown in the following graph. In this graph the lower curve or thick line represents the expenditure of the new works account; by adding the expenditure for the development of operation the higher curve has been obtained, representing the total expenditure on extensions to be made in each year.



Expenditures on extensions effected or planned for the period 1926—1936
(in millions of reichsmarks)

The above classification of expenditure might in theory determine the rules to be followed in the financing of outlay. *A priori* it may be thought that loans ought only to be contracted in cases where it is possible to calculate the return, that is to say for expenditure up to the limit of the lower curve. As for other expenditure an attempt should be made to cover it from the outset, or to redeem it as soon as possible by means of operating receipts.

But, as has already been explained, the second category of expenditure is as a rule not entirely unprofitable, although it is not possible to calculate the return. For this reason the Company considers that a part of such expenditure can be legitimately covered by loans in the absence of adequate operating surpluses.

In practice, and apart from these very theoretical considerations, the financing of expenditure on extensions will during the next few years, as in the past, depend above all on the development of operating receipts and on the possibilities offered on the capital market. In bygone years the Company has drawn partly upon loans and partly upon its reserves and operating surpluses in very varying proportions.

This is clearly illustrated by the preceding graph, in which a dotted line represents the volume of loans and other capital resources secured in each past year and estimated for 1929. It will be seen that this line by no means coincides with the intermediate curve, representing the expenditure under the new works account. But for the four years as a whole the total expenditure covered by borrowing corresponds approximately to the total expenditure under the new works account, that is to say expenditure upon which a return is certain.

As already stated, the programme of extensions for the period until 1936 has been drawn up after largely restricting expenditure. Taking rightly into account the difficulties to be expected with regard to financing, the Company has more especially revised a number of big schemes and, as many of them were very far reaching

and exceeded immediate requirements, it has been possible to make considerable reductions. The programme provides for 354 millions of expenditure on extensions in the current year, to be followed by 389 millions in 1929 and 386 millions in 1930, subsequently declining to 236 millions in 1936.

It must be noted that the above programme cannot be regarded as a rigid scheme established once and for all, but that traffic fluctuations or other unforeseen circumstances may in the future necessitate changes on certain points in the direction either of additions or reductions.

In considering the extensions to be made in the German railway system in the future it must not be forgotten that in the past and especially before the war this system was very extensively developed and equipped with large installations, big passenger and goods stations, classification yards and multiple tracks designed to meet a great expansion of traffic. But, as we have seen, the development of traffic since the war has been much slower in Germany as well as in other countries. Moreover the construction of new lines is to-day less necessary than formerly.

As regards rolling stock the Reichsbahn is also very well provided as a result of the large orders placed after the war. Even at the present day the Company has about 1,800 locomotives and 30,000 freight cars in excess of its requirements.

It is therefore possible for the Company to restrict its expenditure on extensions and to pursue a passive policy for some years. In any case, as we have already seen, such a policy is advisable and even inevitable on financial grounds owing to the scarcity of capital on the German market.

* * *

FINANCIAL RESULTS OF OPERATION.

As the Company's business year ends on December 31, only partial results are as yet available for the year 1928, and it will not be possible to furnish an accurate and complete survey of the position until after the close of the business year.

The operating results for the first nine months are illustrated by the following provisional and approximate figures furnished by the Company:

RECEIPTS:

	Results for the period January 1 to September 30, 1928 (in 1,000 ℛ.ℳ)
Passenger traffic	1,129,600
Goods traffic	2,406,216
Various receipts	308,664
Total	3,844,480

PAYMENTS:

I. Payments for traffic and maintenance.

	(in 1.000 *R.M.*)	
a) Payments to staff.		
Salaries of officials	903,016	
Wages of employees and workmen of traffic department	339,453	
Pensions and retaining pay, pensions of other persons having claims on the Company	362,379	
Other payments on account of staff	210,882	
Total	1,815,730	
Less: General expenses for renewal and extension of plant	52,868	
Balance: a) Payments to staff		1,762,862
b) Payments for material.		
Consumption of coal and other working materials, maintenance of furniture and equipment	322,123	
Maintenance of permanent way and structures	194,490	
Maintenance of rolling stock	349,848	
Other payments for material	87,166	
Total	953,627	
Less : General expenses for renewal and extension of plant	23,753	
Balance: b) Payments for material		929,874
Total payments for traffic and maintenance (a + b)		2,692,736

II. Payments for renewals.

Renewal of furniture and equipment	1,305	
Renewal of permanent way and structures	306,636	
Renewal of rolling stock	217,506	
Total payments for renewals		525,447
Grand total of operating payments (I and II)		3,218,183

III. Fixed Charges.

Service of reparation bonds:	
Interest	409,537
Amortisation	84,338
To legal reserve (2 % of receipts)	76,889
Reserve for the preference dividend	56,800
Grand total of payments and charges (I, II and III)	3,845,747
Excess of expenditure over income	1,267

The receipts from passenger traffic amount to 1,130 millions as compared with 1,069 millions for the corresponding months of 1927, being an increase of 5.6%. They have increased by 9.8% when compared with the 1926 results. Passenger traffic has considerably increased in the present year.

In the case of goods traffic on the contrary the receipts are only slightly higher than those of 1927, in which year however they were very high. They amount to 2,406 millions as compared with 2,374 millions for the corresponding period of 1927—an increase of only 1.3 %. On the other hand compared with 1926 they show an increase of 19.9 %.

Taken as a whole and allowing for the various receipts which have to be added to traffic receipts, the total receipts for the first nine months of the business year 1928 show an increase of 3.1 % as compared with 1927. The year 1927 was already a very satisfactory year, so that if the 1928 receipts are compared with 1926 they are found to have increased by 16.3 %.

Operating payments have also increased by comparison with 1927. They have risen from 2,938 to 3,218 millions, being an increase of 280 millions or 9.5% which far exceeds the 3.1% increase of the receipts. As was expected the increase is due to the payments to staff, as the raising of salaries and wages effected during and at the end of 1927 brought its full effects to bear in 1928. Accordingly payments to staff total 1,763 millions as compared with 1,517 millions for the corresponding period of 1927, being an increase of 246 millions or 16.2%. Payments for material (maintenance and renewals), which also include the cost of labour, have on the contrary remained stationary despite the rise of prices and of wages; they have risen from 1,421 millions in 1927 to 1,455 millions in 1928.

As regards the fixed charges, the service of the reparation bonds required (by comparison with the corresponding period of 1927) an additional outlay of 68 millions, while the legal reserve required 3 millions more and the reserve for the preference dividend 6 millions.

Owing to the increase of payments and in particular of the payments for staff, the total payments have exceeded the total receipts, so that the first nine months of the year closed with a deficit of 1.3 millions. This deficit, which in the course of the year reached even higher figures, is showing a tendency to decrease at this juncture, as the present months are generally favourable to railway traffic. It is true that considerable expenditure must be expected in connection with the payments due at the end of year, but on the other hand the current quarter will benefit from surplus receipts due to the increased rates. The Company estimates that, for the whole of the year and after taking into account the necessary contribution from the operating account to expenditure for extensions, the operating account will balance approximately or at the utmost show a deficit of some 20 millions.

The restriction of payments for material, which the Company is obliged to undertake in order to offset the constant growth of payments for staff, has given rise to some criticisms, which find expression more particularly in the arbitral award on the tariff increase.

It has been asked whether the Company was not tending to neglect its obligations under § 9 of the Railway Law and whether the expenditure incurred was sufficient for "the adequate maintenance and development of the undertaking, with all its accessories, such as will meet the requirements of traffic and the progress in railway technique."

In this connection criticism has been levelled against the inadequate expenditure on renewals and on writings off. These are the two points which I shall now proceed to examine.

Renewals.

In one of my previous reports I have already stated that payments for the renewal of plant are shown under a special subheading in the operating account as "Payments for renewals". The Company classifies its expenditure under three accounts or subaccounts, which are characterised as follows:

1. The operating and maintenance account, viz. operating payments properly speaking and payments for repairs with the object of enabling the material repaired to attain its normal age.

2. The renewals account (it is in reality a sub-division of the general operating account) viz. payments for the replacement of installations and old material as they deteriorate, in order to prevent a decline in the value of the assets which would result from wear and tear and old age.

3. The extensions account, viz. payments increasing the value of the movable or fixed property constituting the assets of the undertaking.

Payments are therefore distributed over these three accounts, according to their nature and to the proportion in which they contribute to one or other of the above-mentioned objects. An exception is however made in the case of small payments and in order to simplify accounting it is arranged that all sums of less than 2,000 marks (or of 100 marks per article in the case of articles of clothing or equipment) are to be included under the maintenance account. Lastly in the case of general expenses (expenses in respect of staff and material) which can be classed under several categories of expenditure, such payments are first of all charged to the first of the three accounts and subsequently fixed percentages of these payments (based on experience) are charged to the other two accounts and deducted from the first account.

In this way the Company endeavours to determine as accurately as possible the sums expended upon renewals. In addition, in order to discover whether these sums are adequate, the Company calculates the average expenditure which ought theoretically to be incurred each year in order to ensure the satisfactory renewal of plant.

This theoretical calculation, with the object of determining the annual cost of renewals, is based on the current cost of replacing the various component parts of the assets and on the length of life of each article. In this way the Company calculates that the capital invested on January 1, 1928, should be valued at 25.5 milliards and that the expenditure on renewals during the year 1928 should amount to 648 millions.

In arriving at these results the Company began by classifying its plant and material in thirteen categories, which will be found enumerated in the table on page 108 and for each of these categories the Company has calculated the cost of replacing the component parts. In doing so the distinction has been made between assets acquired prior to or after April 1, 1919. In the case of assets acquired after that date the cost of replacement has been assessed directly in gold marks at post-war prices. In the case of assets acquired prior to April 1, 1919, the original value based on the original prices has first of all been ascertained, with the assistance of such statistics and accounts as were available; the values thus arrived at have then been revised by means of co-efficients of increased costs, taking into account the proportion of wages and the proportion of the different materials which have played a part in the original prices.

The value of the various parts of the assets having been thus established, the Company in each case has made an estimate of the probable duration of their utilisation, and has deducted the percentages of renewals to be made each year.

The application of these percentages to the various assets, taking into account where necessary the co-efficients of increased prices, indicates the sums which ought to be expended each year upon renewals.

The figures thus arrived at in theory show what expenditure upon renewals is to be expected in successive years. The Company does not however consider itself bound to observe in any one year the allocation of expenditure as between each of the thirteen categories. Only the total volume of expenditure is taken into consideration, while variations may be made as between one item and another.

Nor does the total figure by any means represent the expenditure which has to be incurred in any one year, for such expenditure must be based in the first place on the real need for renewal of material and plant, and secondly upon the funds available.

The theoretical expenditure on renewals therefore only serves as a guide to the average outlay which should be incurred in order to distribute the cost over successive years. In addition the estimate is only provisional and approximate, and can be modified or revised in accordance with alterations and fluctuations of prices and the duration of plant upon which the calculation is based.

From the above considerations it follows that when determining the average amount of expenditure on renewals, which may be regarded as sufficient in theory, the calculation is largely dependent upon estimates. Although it is fairly easy, in the above

Average time allowed for the renewal of plant on various railway systems.

Category	Reichsbahn	Swiss Federal Railways	Belgian Railways	British Railways	
				L. M. S.	G. W.
	(years)				
I. Land sites	—	—	—	—	—
II. Embankments, cuttings, banks, etc. 4% requiring renewal in.....	40.0	—	—	—	—
96% requiring no renewal.....	—	—	—	—	—
III. Fencing, not including the fencing of stations and halts	25.8	—	—	—	—
IV. Road crossings, including overhead crossings and subways:					
Level crossings	33.7	—	—	—	—
Overhead crossings and subways	46.0	—	—	—	—
together....	42.0	—	—	—	—
V. Culverts and bridges	43.7	—	—	—	—
VI. Tunnels	—	—	—	—	—
VII. Superstructure of permanent way (lines, stations and halts)					
main lines	27.0	—	—	—	—
other lines	40.0	—	—	—	—
points and signals.....	30.0	—	25.0	—	—
together....	30.0	37.0	33.3	21.5	22.5
VIII. Electric traction:					
generating and sub-stations .	—	33.3	—	—	—
power transmission lines	—	100.0	—	—	—
contact lines...	—	66.6	—	—	—
together....	35.0	—	—	25.0	—
IX. Telegraphs, telephone, etc.....	36.6	—	—	—	—
X. Stations and halts with all accessory buildings	53.2	—	—	—	—
XI. Workshop plant:					
buildings and fixtures.....	50.0	—	—	—	—
machinery.....	17.0	—	—	—	—
tracks	33.0	—	—	—	—
tools	8.3	—	—	—	—
together....	28.0	—		25.0	20.0
XII. Extraordinary installations.....	36.6	—	—	—	—
XIII. Rolling stock:					
locomotives ...	28.0	43.5	33.3	33.3	33.3
passenger cars	38.5	50.0	40.0	30.0	40.0
freight cars ...	35.7	55.5	40.0	30.0	40.0
together....	32.6				

calculations, to estimate the capital expended upon plant from the information available on the cost of railway construction, and to determine the co-efficients of increased prices from the statistics to hand, it is on the contrary often very difficult to foretell the duration of the utility of plant or material. In order to form an opinion as to whether the estimates of the Reichsbahn are sufficiently prudent, it is interesting to compare them with those of some foreign railways which employ similar methods of accounting in their renewals, for example the Swiss Federal Railways, the Belgian Railways and two big British Companies, the London, Midland and Scottish Railway Company and the Great Western Railway Company.

The above table furnishes a comparison on these lines.

A certain amount of prudence is required, it is true, in making deductions from the table, owing to the fact that with different railways the categories sometimes include different objects under the same heading, and owing to the fact that for some categories certain companies consider it impossible to make any estimate for renewals and are content with incurring expenditure as the need arises.

Apart from these observations it is nevertheless easy to establish a comparison for two big and especially important categories, viz. the superstructure of the permanent way and rolling stock. The expenditure for renewals for which provision is made by the Reichsbahn in 1928 under these two headings, represents 30 and 39 % respectively (making a total of 69 %) of the total expenditure on renewals. It will be noted however that for these two chief categories the Reichsbahn allows a considerably shorter period for renewal than that allowed by any of the other railways. Only in certain cases do the British Railways provide for renewals within an equivalent or even shorter period.

It must also be remembered that the Reichsbahn charges automatically to the maintenance account all payments for renewals of less than 2000 marks. This helps to increase expenditure assigned to renewals even further.

To conclude therefore, the Reichsbahn assesses its renewals each year on a very wide basis. As the Company has taken care in its successive budgets not to let expenditure fall below the sums thus estimated, it may be said that the Company ensures the renewal of its plant quite as satisfactorily as the neighbouring foreign railways. The fact that arrears from the war and inflation period remain to be made up at the present day in the maintenance of the tracks is a peculiar and temporary feature of the present situation from which no conclusions can be drawn as to the capacity of the Company to meet its obligations.

Amortisation.

In the case of a company which, like the Reichsbahn, is not the owner of the system but holds it as a concession, the expenditure on renewals takes the place of the amortisation which an ordinary

company might effect by the creation of reserves. The Reichsbahn deducts from its receipts the sums required to make good the effects of superannuation and wear and tear, and to maintain intact the value of a property which does not belong to it. An ordinary company on the contrary can make good the decline in the value of its assets by creating reserves for amortisation.

It does not follow from this that a company holding a concession has no other amortisation to effect apart from renewals. Its assets consist, not of the plant and railway material, but of the right which it has received to operate that plant during the period of concession.

Upon the expiration of the concession the right of operation will therefore cease, and this is a fact which the Company has to take into account by means of appropriate amortisation. Upon the expiration of the concession its debts and liabilities to third parties must not exceed the value of the assets which the Company may still hold after surrendering the undertaking to the authorities which granted the concession. The liability created by the debts and undertakings of the Company has therefore to be systematically wiped out.

In the case of the Reichsbahn the wiping out of debt is regulated by the Railway Law. The items on the liabilities side, which, in the balance-sheet, constitute the counter-part to the concession in respect of the property taken over, are as follows:

	millions of *R.M*
ordinary shares	13,000
preference shares, the proceeds of which go to the Reich	500
reparation bonds	11,000
	24,500

The Railway Law explicitly defines the conditions of amortisation and of the working out of each of these three items. The reparation bonds will be steadily amortised as the reparation payments are effected; the preference shares are to be redeemed by the Company before the expiration of the concession; and the ordinary shares are not to be amortised, but will be cancelled upon the expiration of the concession when the undertaking is once again handed over to the Reich.

In fulfilling these instructions the Company meets all the liabilities imposed upon it and has no need of constituting an additional reserve for the purpose.

There is however another item among the assets to be considered, namely extensions to the original system, new works and improvements introduced by the Reichsbahn, or rather — since the Company is a concessionnaire — the right of operating these extensions until they expire upon the termination of the concession. The corresponding items on the liabilities side, that is to say the funds utilised hitherto for financing these extensions, are the preference shares issued for the benefit of the Company, the loans of the Reich and of third parties, and lastly the operating receipts and profits.

I have already said that the amortisation of the preference shares is determined by the Law. The redemption of the various loans, that is to say the terms of their repayment, is determined by the contracts and measures under which the loans were obtained. As for the sums derived from profits for covering the expenditure on extensions, they are already a form of amortisation insofar as the utilisation of profits for this purpose is considered as definitive. It is for this reason that the Company shows the profits assigned to such purposes in its balance sheet under liabilities as "Reserve for writing off concession".

It is a question, it is true, how far the amortisation on these lines is satisfactory, and what amortisation should be aimed at in the future as regards the funds which will be utilised to cover future expenditure on extensions. The Railway Law prescribes in this connection (Article 8) that the Company is to have the right to contract loans freely, provided that they are redeemed prior to January 1, 1965, which is the probable date of the expiration of the concession.

It was necessary to consider however that it would shortly become impossible for the Company to redeem loans as the period between their issue and the date of expiration of the concession grew shorter. This difficulty was foreseen in § 8 and it was therefore provided that loans redeemable after January 1, 1965 might be contracted, subject to a preliminary agreement between the Government and the Company. Subject to such agreement as may be reached, this article gives the Company power to contract loans with a longer period of amortisation.

Negotiations are on foot between the Company and the Government for the application of this provision with a view to the loans which the Company may be obliged to contract in future years. So far the negotiations have not succeeded in producing a solution, although such a solution would be very desirable for a clear definition of the financial position of the Company.

It is no longer a question as before of ascertaining what amortisation the Company should undertake for the regular fulfilment of its concessionary obligations, but of determining the amortisation which it is capable of effecting without incurring excessive expenditure and without imposing unduly high transportation charges upon the users of the Railway.

These considerations are closely bound up with those which weighed with the Special Tribunal when it was called upon in August last to take a decision on the tariff increase. In the explanatory memorandum attached to the Award (see Annex XIII) the Court deals at length with the writings off effected by the Company. The writings off, including renewals, effected in 1927 represent 3.6 % of the total value of the Railway plant, which is estimated at 25.5 milliards. The Court considers that these writings off are inadequate and should at the very least amount to 1,100 millions or 4.3 % of the value of the plant.

The Court does not reinforce its views by any arguments, and the writings off which it considers necessary appear excessive. They are, I think, far greater than those regularly undertaken by

other big railways or those effected in Germany before the war : and, if they were to be adopted by the Reichsbahn, additional expenditure would be incurred, necessitating too high tariffs and consequently injuring the country's economic life.

In any case the expenditure on renewals, which the Court considers inadequate, is (as I have already pointed out) higher than the expenditure prescribed by foreign railways which follow a similar system of renewing plant.

The criticism of the Court appears to be based mainly on ordinary commercial practice and does not sufficiently take into account the peculiar position of the German Railway Company.

It must not be forgotten that the Company has an annual total income of about 5 milliards and owns plant to a total value of more than 25 milliards. This ratio of 1 to 5 is very much the same as that of other big railway concerns.

On the other hand in industrial concerns the annual business turnover is very often equal to and even greater than the total capital invested. For instance the automobile industry of the United States had in 1926 a turnover of $ 3 milliards as compared with a capital of $ 2 milliards, while in France there was a turnover of Fr. 7 milliards as compared with a capital of 4 milliards.

The position of the railways is therefore entirely different from that of ordinary industrial undertakings, and the latter with an invested capital far smaller than their income can amortise far more rapidly than the railway. It should be added that the greater part of the capital sunk in railways, in land sites, earth works, etc., and buildings, is only liable to very slow depreciation. This is not the case with industrial undertakings or ordinary commercial concerns, whose assets are generally liable to rapid depreciation or superannuation.

SHAREHOLDINGS OF THE COMPANY.

Among the various undertakings in which the Reichsbahn has holdings I shall only deal with the two most important, the Verkehrs-Kredit-Bank and the Mitropa.

Both these undertakings, following the closure of their business year, have recently published a balance sheet and a profit and loss account which I reproduce as Annexes IV and V.

Verkehrs-Kredit-Bank.

It will be recalled that this bank is closely affiliated to the Reichsbahn, that it is in some sort its financial department and is entrusted with the transaction of two important branches of business, namely the granting of credit under the deferred freight system and the administration of the Company's available funds.

The granting of credit under the deferred freight payment system, the working of which I have explained in previous reports, shows a further slight development. The bank states that

in its last business year (July 1, 1927—June 30, 1928) the receipts from business of this kind amounted to ℛℳ 1,668 millions as compared with ℛℳ 1,519 millions in the previous business year, being an increase of 9.81% whereas the total receipts from goods traffic obtained by the Company during the same period increased by about 3.33%. The commission charged to the consignor has remained fixed at the very low rate of 1¼ per mille.

As regards the administration of the Company's funds, the system established by agreement with the Reichsbank and in force since the beginning of 1928 has continued to work satisfactorily.

Mitropa.

Practically the whole (98.73%) of the share capital of the Mitropa (Mitteleuropäische Schlafwagen und Speisewagen Aktien-Gesellschaft) is held by the Reichsbahn, which is consequently much interested in the good working of the Company.

The results of its operations during the last business year (December 1, 1926—November 30, 1927) show a slight improvement by comparison with the previous business year. The number of productive car-kilometers was 76.4 millions as compared with 66.1 millions, and the operating receipts per car-kilometer worked out at 50.4 as against 46.8 pfennigs.

Despite these results and owing to the increase of payments for material, which amounts to 33%, the net profit is slightly below that of the previous business year.

In the current business year the Mitropa has paid ℛℳ 11 millions for the 108 new cars previously ordered. For financing this order and for the cover of other expenditure the Mitropa is able to draw upon a credit of 4 millions with the Reichsbahn, in addition to its other available funds and its current receipts. During the last few months the Mitropa has drawn upon this credit of 4 millions to the extent of about 2 millions.

* * *

POSITION OF STAFF.

Number of employees.

The stability of the total number of employees, to which I have already made reference in previous reports, tends to be maintained. The customary seasonal influences (the acceleration of the work on renewals and constructional work during the spring and summer) are sufficient to explain the variations in numbers since March 1928, which are confined entirely to workmen. Thanks to various measures of rationalisation in the administrative services, which have allowed of certain reductions of staff by the non-replacement of retired or deceased officials, the total number of officials shows

a further slight decline. The following table gives the figures of the total staff since the spring of 1928.

Staff	March	April	July	August	September
Officials	311,039	310,750	310,665	310,234	309,927
Workmen.....	358,258	383,761	413,462	418,86	425,597
Total....	669,297	694,511	724,127	729,0~0	735,524

For March to September 1928 therefore the Company's total staff increased by 66,227, the number of officials having declined by 1,112 while the number of workmen increased by 67,339.

Similar variations, although on a smaller scale on the whole, were to be noted during the corresponding period of 1927. The total increase of the staff in that year was 48,592, the number of officials declining by 2,388 whereas the number of workmen rose by 50,980.

The stabilisation of the total staff numbers is more clearly apparent from a comparison for the figures for September 1928 with those of September 1927, which are practically identical. In September of 1927 the Company's staff numbered 729,280, or only 6,244 less than in the present year, and comprised 312,724 officials and 416,556 workmen.

Salaries of officials and workmen's wages.

The salaries of officials and the wages of workmen have not undergone any changes since those discussed by me in my last report.

I would merely recall that the salaries of officials have been considerably increased, retroactively as from October 1, 1927, by the Law of December 16 of that year. The increase varies from 18 % in the higher categories to 44 % in the lower categories and averages 25 % for the official staff as a whole. As on the other hand the various allowances added to the basic salary have been considerably modified, the gross average increase resulting from the reform is reduced to 15.5 %.

The workmen's wages remain as fixed by the clauses of the agreement concluded on March 27, 1928 between the Reichsbahn and the Unions, which cannot be denounced before January 31, 1929. In virtue of this agreement the wages of all workmen over 24 years of age have been raised from 3 to 6 pfennigs per hour. The special allowance for overtime, which was previously fixed at 15 % of the normal wage for the 49th to the 51th hour, and at 25 % as from the 52nd to the 54th hour, is now fixed at a uniform rate of 25 % as from the 49th to the 54th hour. The special allowance for workers in shifts (workers responsible for the operation of the lines) is raised from 27 to 30 pfennigs.

These reforms place a heavy burden upon the Company's budget, but they have nevertheless been accepted, for the Company has

always endeavoured to grant its officials and workmen salaries and wages corresponding to those paid to the officials of the Reich and to the workers under private enterprise. The Company thereby conforms to § 26 paragraph 1 of the Railway Law of August 30, 1924, which stipulates that "in fixing the pay and permanent allowances of the Reichsbahnbeamte other than superior officers (leitende Beamte) the Company shall take into consideration the position of officials of the Reich." The general trend since 1926 throughout the German business world has been towards higher wages for the workers and consequently the expenditure on staff of the Reichsbahn has also increased. To this must be added the fact that the Company, as I explained in my previous report, bears very heavy charges dating from before its creation, which are due to the enormous increase in pensions and retaining pay. The increase in the expenditure under this head is largely the result of the inflated staff taken on in 1919 and the dismissals subsequently found to be necessary.

The aggregate expenditure on staff, which was 1,350.2 millions before the war, is estimated at 2,912.9 millions for 1928, representing an index of 213.08 as compared with 1913. If the increase of salaries and wages and of bonuses for the cost of living granted to the officials and workmen since the beginning of 1927 are added together, and if the higher social charges and pensions resulting therefrom are also included, it will be found that the annual expenditure on staff has increased by 436 million marks. From the calculations made by the Reichsbahn which are based upon the index for the cost of living, which is about 152, the average annual salary of an official of the company is equivalent in purchasing power to 121 % of the pre-war salary and the average hourly wage of a railway workman is equivalent to 133 % of the 1913 wage.

The Special Tribunal, when called upon to express its views as to the necessity of the recent tariff increase, set forth in its award of August 24 last the serious consequences which a continued increase of expenditure on staff may entail to the Company's budget. While explaining that there is no wish to criticise the natural desire of the officials and workmen to improve their income, the court draws attention to the peculiar position of the German Railway Company, "which is all the time compelled to continue operations and is not in a position, when its personal expenditure is increased, to introduce restrictions in other directions to any appreciable extent." Consequently the Reichsbahn is more directly affected than other undertaking by the expenditure on staff which has to be borne, and the Company should take special precautions not to allow the stability of its budget to be compromised.

Working hours of the railway workmen.

The regulations on the length of working hours (Dienstdauervorschriften) which govern the Company's staff have long been the subject of negotiations between the Reichsbahn and the trade unions. The discussions led to an agrument reducing the maximum length of the working week from 60 to 57 hours. Economic reasons have prevented the Company from satisfying all the demands of the

unions, which requested that the maximum working week should not exceed 54 hours.

A committee appointed to enquire into the safety of the operation of the Reichsbahn in August of this year, following the series of accidents in Bavaria, also discussed the problem of working hours. The committee comprised high officials in the Ministry of Transport and the Reichsbahn, University professors, members of Parliament and representatives of the Railway staff; in September it submitted a report, dealing more particularly with the means of avoiding excessively long hours and the over-exhaustion of the staff responsible for the traffic, which might reduce the vigilence of the Company's servants.

The staff of the traffic department works under special conditions requiring special regulations. It cannot, like the majority of industrial workers or administrative employees, work for an unbroken period according to a daily time table fixed once and for all. Work on the contrary is intensified, according to traffic requirements, in variable periods at longer or shorter intervals. Consequently great care has to be exercised in fixing the succession of hours of work and in distributing the period of service and alternate rest in a rational manner by day and by night.

In the report published in September the committee recommended various improvements in detail in the regulations governing the hours of the traffic staff. In the opinion of the committee it is advisable:

(1) that the conception of "particularly trying work" should be more thoroughly applied to actual conditions, and that in the case of such work the maximum working time should not exceed 48 hours per week of 7 days.

(2) That the number of working hours per week should be reduced in the case of the majority of the traffic staff, with the exception of certain categories, viz., door-shutters, supervisors, ticket-collectors at the entrances and exits of stations, engine-cleaners, lamp-men, messengers, and the staff on secondary lines and local branch lines where the service is not so intense.

(3) That the working time tables governing various services which are more or less trying should be revised, by graduating the hours of work according to the nature of the service.

(4) That in the drawing up of working time tables special attention should be devoted to the peculiar conditions of the locomotive service and the guards' service, which may entail work the nature of which it is difficult to determine in advance.

The committee also expressed the opinion that the working time tables, which often vary very considerably as between the Districts of the North and those of Southern Germany, should be established on uniform lines. In South Germany, following a very old tradition to which the staff is much attached, the time tables provide for relatively short periods of service and rest with frequent alternation. It frequently happens for instance that within a period of

24 hours an employee has to go on duty for two periods of eight hours, separated by only eight hours off duty. The committee considered that this was too short an interval under present conditions to allow of sufficient relaxation for the staff, and that it was preferable, as regards the traffic staff, to apply a system providing less frequent alternation between the periods of service and rest.

Taken as a whole the committee found that the staff was not overtaxed and that it fulfilled its duties with discipline and vigilance. It stated in its report that "the creation and maintenance of a healthy spirit among the Company's servants is favoured by cordial collaboration between the official heads on the one hand and their representatives on the other."

The Management of the German Railway Company which (as previously pointed out) has already made considerable improvements in the regulations with regard to working hours, proposes to devote great attention to the suggestions of the Security Committee.

* * *

PASSENGER TRAFFIC.

Development of traffic.

In my previous report I gave the definitive results of passenger traffic for the year 1927. I would again recall that during that year there was an increase of traffic of 6,1 per cent by comparison with 1926, taking the number of passenger-kilometers as the basis of calculation.

The improvement witnessed in the economic situation in Germany from the autumn of 1926 onwards, which was followed by a general rise of wages, had a favourable effect on passenger traffic. The growth of traffic continued in 1928.

Below will be found a comparison of the statistics of passenger traffic for the period January-August 1928 with those of the corresponding period in 1927.

	Period January–August		1928 as compared with 1927
	1927	1928	
Passengers transported (in 1000)	1,261,105	1,365,927	+ 8.31 %
Passenger-kilometers (in 1000)	30,938,465	33,175,264	+ 7.23 %
Mean distance of transport in km	24.53	24.28	— 1.02 %

During the period under consideration there has therefore been an increase of traffic (calculated in passenger-kilometers) of 7.2 per cent in 1928 as compared with 1927. This increase was maintained in September, but in October the position appears to have been less favourable.

For the year 1928 as a whole it is estimated that the number of passenger-kilometers will be in the neighbourhood of 48 milliards, which would represent an increase of traffic of 5 per cent by comparison with 1927 and of about 30 per cent by comparison with 1913 (for the system reduced to its present frontiers).

It is interesting to note that, despite the increase of traffic since 1927, passenger traffic has not yet reached the level of 1925, which was the first year of the Company's operation. A comparison of the results for the period January-August 1928 with those of the corresponding period in 1925 shows a decline of 5.5 per cent in the number of passengers transported in 1928, and a decline of 1.6 per cent in the number of passenger-kilometers. This relative stagnation of passenger traffic is due to the fact that the extension of the railway system in Germany is now proceeding more slowly, and above all it is due to the constantly increasing competition of other means of transport, in particular of motor transport.

The receipts from passengers and baggage during the period January-September 1928 totalled 1,129.6 millions, showing an increase of 5.6 per cent as compared with the receipts for the corresponding period of 1927. This increase is less than the increase in passenger-kilometers, viz. 7.2 per cent. The reason for this is the progressive preference for the cheaper classes and the increase in the number of journeys at reduced fares in proportion to the total number of journeys. As the following table shows, while the percentages of the 2nd and 3rd class have constantly decreased, the percentage for the 4th class has increased each year.

Classes	Period January–August			
	1925	1926	1927	1928
	per cent	per cent	per cent	per cent
1st class	0.34	0.40	0.45	0.41
2nd »	7.52	6.59	6.20	5.91
3rd »	34.55	33.99	32.13	30.90
4th »	57.59	59.02	61.22	62.78

The development of traffic in 1928 has resulted in an increase in the number of passenger train-kilometers, which rose from 304,647,000 for the period January—October 1927 to 328,098,000 in the same period in 1928. The number of axle-kilometers of passenger trains also increased during the same period from 8,182 millions in 1927 to 8,647 millions in 1928.

On October 7 the winter time-table came into force. No important changes were made in regard to international communications, but in the home services a certain number of express trains were suspended as is the case each year.

During the summer holidays the Company put 564 special trains into service on the most frequented lines; in 1927 the number of these trains was 539. The reduction granted for these trains is 33⅓ per cent of the normal fare. The average number of passengers

per train was 698 as against 686 in 1927; the total number of passengers increased by 6 per cent, rising from 369,982 in 1927 to 393,414 in 1928; and the total receipts increased by 6.7 per cent, rising from ℛℳ 13,115,748 in 1927 to ℛℳ 13,999,266 in 1928.

In connection with the spring Fair at Leipzig 483 special trains were run this year as against 377 in 1927. It is estimated that the increase of traffic caused by the Fair was 172,500 passengers in 1927 and 363,000 in 1928.

During the period January—August 1928 the receipt per passenger-kilometer for journeys at the full fare was 3.78 pfennigs and 1.66 pfennigs for journeys at reduced fares; in the first case there was an increase of 39.5 per cent as compared with 1913, and in the second case an increase of 29.7 per cent. Taken as a whole, including baggage and accessory receipts, the average receipt per passenger-kilometer during the period under consideration was 3 pfennigs, being an increase of 21.5 per cent by comparison with 1913.

If the transport tax is included, the price paid per passenger-kilometer for the period January—August, for the total number of journeys at full fares and reduced fares taken together, was approximately 32 per cent higher in 1928 than in 1913. This increase is far less than the increase in the cost of living, for which the index figure in September showed 152 (the year 1913 = 100).

Reform of passenger classification.

As I have already stated in this report, a reform of the classification of passengers together with a revision of tariffs came into force on October 7 last. This is the most important reform introduced in passenger traffic since the war.

The Company was obliged by the growth of the charges imposed upon it to apply for an increase of tariffs, calculated to yield an annual additional income of some 250 millions, of which $^4/_5$ were to be derived from goods traffic and $^1/_5$ from passenger traffic.

In the case of passenger traffic the Company proposed two solutions: either a general and uniform increase of the fares of all classes or a classification reform accompanied by a re-arrangement of tariffs. The Company gave preference to the latter solution, for the uniform increase of fares throughout all classes would no doubt have contributed still further to the trend towards the cheaper classes or towards other means of transport.

The Railway Court which ultimately approved the increase of tariffs, at the same time recommended the proposed reform of passenger classes but suggested that the first class fare should be raised rather than lowered.

In my previous report I analysed the disadvantages which the four-class system as employed in Germany involved. I would briefly recall that, as a result of the better equipment of the 4th class cars and their introduction on the speeded-up passenger trains, the 4th class offered during the last few years practically the same

advantages as the 3rd class with its 50 per cent higher fares. Consequently passengers were travelling 4th in preference to 3rd on an increasing scale to the detriment of the Company's receipts.

If the urban and suburban traffic of Berlin and Hamburg is deducted from the total traffic, the percentage of 3rd class passengers is found to have declined from 18.34 per cent for the period January-August 1925 to 14.94 per cent for the corresponding period in 1928. On the other hand the percentage of 4th class passengers has risen from 79.95 per cent in 1925 to 83.88 per cent in 1928. As the following table shows the utilisation of the 1st und 2nd class is very small in Germany by comparison with other foreign railway systems.

	Percentage of passengers travelling by the various classes in 1926		
	1st and 2nd class per cent	3rd class per cent	4th class per cent
Germany	1.42	16.89	81.69
System of the P. L. M.	11.2	88.8	—
4 principal British companies	9.2	90.8	—
Holland	19.5	80.5	—
Switzerland	4.75	95.25	—

By the reform introduced by the Company the 3rd and 4th classes have been merged and there is now only one wooden class, called the 3rd class, and one upholstered class called the 2nd class. The 1st class has been retained as a luxury class, but only on the international trains, on some main line expresses and on the sleeping cars.

The kilometer rates of the new classes compare as follows with those of the old classes.

New system		Old system		Increase or decrease of present fares by comparison with the old fares
Classes	Fare in pfennigs per kilometer, tax included	Classes	Fare in pfennigs per kilometer, tax included	%
1st class	11.2	1st class	10.8	+ 3.57
2nd class	5.6	2nd class	7.5	— 25.3
3rd class	3.7	3rd class	5.0	— 26
		4th class	3.3	+ 12

The 3rd class tariff is accordingly 12 per cent higher than the old 4th class tariff, while on the other hand the 2nd class tariff is 25.3 per cent lower than before. The rate for the 1st class was originally to be 9.3 pfennigs, but it was subsequently increased to 11.2 in accordance with the recommendations of the Court.

The kilometer-rates of the new classes, beginning with the cheapest class, are in the proportion of 1 : 1.5 : 3. Under the old tariffs the proportion of the fares of the 1st class and the 4th class was 3.3. This was excessive and encouraged passengers to frequent the cheaper classes. In the other European countries the proportion of the fares of the most expensive class and those of the cheapest class varies in general between 2 and 2.5.

The kilometer-rates constitute the basic fare for all categories of trains, but to these basic rates supplements—graduated according to zones—are added for the faster trains. From the tariff point of view there are at present three main categories of trains, namely express trains (Schnellzüge), through trains (Eilzüge), and slow trains (Personenzüge) carrying the 2nd and 3rd class. The speeded-up passenger trains (beschleunigte Personenzüge) have been abolished. The new supplements compare with the old supplements as follows.

Zones	Express trains						Zones	Through trains (Eilzüge)	
	old system			present system				present system	
	1st class	2nd class	3rd class	1st class	2nd class	3rd class		2nd class	3rd class
km.	in ℛ.ℳ						km.	in ℛ.ℳ	
1—75	2.00	1.00	0.50	2.00	2.00	1.00	1— 35	0.50	0.25
							36—75	1.00	0.50
76—150	4.00	2.00	1.00	4.00	4.00	2.00	76—150	2.00	1.00
151—225	6.00	3.00	1.50	6.00	6.00	3.00	151—225	3.00	1.50
226—300	—	—	—	8.00	8.00	4.00	226—300	4.00	2.00
over 300	—	—	—	10.00	10.00	5.00	over 300	5.00	2.50

Supplements have been established in the case of the through trains which were formerly exempt, and a 4th and 5th zone has been instituted for the express-train supplements. The express-train supplements for the 2nd and 3rd classes have been doubled. In the case of the 1st class there has been no such increase as it was not desired to raise the 1st class fares excessively, as the kilometer-rate in their case is already very high.

It will be noted that Germany is the only European country with three categories of trains so far as tariffs are concerned; but in other countries the exclusion of 3rd class passengers from certain services or certain categories of trains is equivalent to a differentiation of tariffs. Annex VIII contains a comparison of fares for the different categories of trains before and after the classification reform.

The necessary steps have been taken to alleviate the burden resulting from the tariff reform as far as possible in the case of the less well-to-do passengers. For the average distance travelled by

4th class, which is approximately 28 kilometers, the fare by slow train has been increased by only 10 pfennigs. It should also be noted that out of 100 passengers in Germany 52 travel at reduced fares and the majority of these on season tickets. In order to avoid any new charge upon those who travel on these tickets (employees, workmen and school-children), all season tickets have been exempted from the tariff increase. In the slow trains the prices of 3rd class season tickets have remained equal to the old 4th class prices. No change has been made in the tariffs governing the urban and suburban railway systems of Berlin and Hamburg—a desirable precaution in view of the competition from other transport undertakings. In addition the military tariff, the baggage tariff and the express goods tariff have been exempted from the increase.

As regards the financial effects of the reform, it is estimated that the loss of receipts resulting from the reduction of the 2nd and 3rd class tariffs will be more than made good by the increased fares paid by passengers of the former 4th class, and by the new supplement regulations for express and through trains, as well as by the anticipated return of passengers to the 2nd class and to trains on which supplements are charged. It is estimated that altogether additional receipts amounting to some 50 millions will be secured, representing an increase of about 3 per cent on the total receipts from passengers and baggage.

The new classification came into force on October 7 last in conjunction with the introduction of the winter time-table. On that date the so-called speeded-up passenger trains were abolished, or rather their name. In reality one-third of these trains has been retained under the name of through trains and two-thirds under the name of slow-trains.

It is too early as yet to judge of the results of the reform. From the provisional passenger-traffic statistics for October it appears that the proportion of 2nd class passengers to the total number was 7.61 per cent as compared with only 4.33 per cent in October 1927. Further, counts held in the trains in October 1928 and November 1927 show that the utilisation of the express trains has increased by about 18 per cent.

These are only the initial results from which it would be premature to draw any definite conclusions, but they nevertheless coincide with the hopes entertained in regard to the reform.

The new classification involved certain difficulties in the composition of trains, for it was clearly impossible for the Company to transform all its rolling stock immediately, and it has not always been possible to make an adequate number of 2nd and 3rd class cars available to passengers. In order to meet this difficulty the Company has had a certain number of 3rd class cars provisionally adapted for use as 2nd class cars, and it has also increased the number of upholstered cars ordered for the first half of 1929 by 565 as compared with the estimates. The Company further intends to complete the equipment of 9,000 4th class cars progressively with a view to rendering them suitable for service as 3rd class cars.

Transport services in Berlin.

The Company is continuing the electrification of the lines in Berlin and her suburbs. On October 7 last the suburban line Erkner-Potsdam was opened for electric operation. It has not however been possible to reach the frequency and speed aimed at as a normal service, for this line passes over the Stadtbahn section on which steam trains still run. As the new motor coaches are delivered electric traction will gradually be extended to the Ringbahn and to certain other suburban lines. It is estimated that all the lines for which provision is made in the programme will be ready for electric operation by the beginning of May 1929, when the summer time-table comes into force.

It is a well known fact that the Berlin urban and suburban lines, which encounter severe competition from the municipal transport services (tramways, motor buses and underground), are worked at a heavy loss. The Company hopes that the electrification of its lines—with the accompanying greater frequency and speed of trains and more comfortable new rolling stock—will help to retain passengers attracted by the rival transport undertakings and even to increase traffic to a considerable extent in the future. With the same object in view the Company introduced tariff reductions on September 1, 1927, which have already been described in my previous reports. I would recall that on May 15, 1927 the municipal transport undertakings adopted a uniform fare of 20 pfennigs, whereas on the Reichsbahn the fare on the urban lines is only 15 pfennigs.

As a result no doubt of these tariff measures and also of the general increase in the volume of transports, the decline of traffic recorded year by year since 1924 on the Berlin urban and suburban lines ceased towards the summer of 1927. For the period May—December an increase of 6.9 per cent in the number of passengers transported was recorded in 1927 as compared with 1926. This increase continued in 1928 as is shown by the following figures, illustrating the number of passengers transported during the period January—August 1928 in comparison with the previous years.

Period January-August	Receipts (in 1000 reichsmarks)	Passengers transported (in 1000)
1925	48,747	278,943
1926	44,308	241,638
1927	44,542	243,106
1928	46,581	268,878
Percentage of increase, 1928 as compared with 1927	+ 4.6 %	+ 10.6 %

The increase of receipts in 1928 by comparison with 1927 is smaller in proportion than the increase in the number of passengers transported. This is due to the fact that the increase of traffic was largely confined to those sections of the system on which the tariff reductions of September 1, 1927 were applied.

Between 1924 and 1927 the number of passengers transported by the tramways, the underground and motor-buses increased on an average by 15 per cent per annum, whereas it decreased on the urban and suburban lines of the Reichsbahn. During the period January—August 1928, on the other hand, the increase only amounted to 5 per cent as against 10.6 per cent for the Reichsbahn.

Below will be found the statistics showing the number of passengers transported and the receipts obtained by the tramways, the underground and the motor buses during the period January—October in the years 1926, 1927 and 1928.

Period January-October	Tramways		Underground		Motor buses	
	Passengers transported	Receipts	Passengers transported	Receipts	Passengers transported	Receipts
	(in 1000)					
1926.....	669,418	88,441	130.902	22,509	91,991	16.203
1927.....	641.971	98,098	150.431	26,702	128,898	25.905
1928.....	658.107	103.555	166,497	29,823	149.160	29,816
Percentage of increase, 1928 as compared with 1927 ..	+ 2.5 %	+ 5.5 %	+ 10.7 %	+ 11.7 %	+ 15.7 %	+ 15.1 %

On the combined municipal transport undertakings there was in 1928 as compared with 1927 an increase of 5.7 per cent in the number of passengers transported and of 8.3 per cent in the receipts. The greater increase of receipts is no doubt due to the introduction on March 15, 1927 of the uniform 20 pfennig fare. It is hoped in this way to secure funds for the extension of the underground system in accordance with the scheme of the City of Berlin.

On the tramways traffic has declined slightly since 1926 owing to the raising of the fare from 15 to 20 pfennigs, but the receipts have on the other hand developed satisfactorily. On the underground and the motor buses the number of passengers has increased appreciably as a result of the reduction of the fare for long distances and the right of changing from one means of communication to another granted under the uniform tariff.

The increase of traffic is also due to the extension of the motor bus and underground services by the municipality, as is shown by the following figures.

Position as at December 31:	Underground		Motor buses	
	Length of lines in km.	Number of motor coaches and trailers	Number of lines	Number of vehicles
1924	46.9	481	16	182
1927	56.2	828	29	585
Estimates for 1928 ..	58.5	980	35	590

From this point of view it must be noted that the underground and motor bus services yield a smaller return than the tramways, despite the advantages which they offer by comparison with the latter means of transport. This is due to the fact that in the case of motor buses the expenditure on renewals is very high owing to the short life of the vehicles (about 5 years). In the case of the underground the charges arising out of the large amount of capital sunk in the undertaking have to be considered.

According to an article by Professor Giese recently published in the press, the total expenditure per passenger-kilometer, including capital expenditure, amounted in Berlin in 1927 to 3.65 pfennigs for the motor buses, 3.63 pfennigs for the underground and only 2.62 pfennigs for the tramways. This last means of transport is therefore the most economical; in 1927 its operating co-efficient was 54.4 per cent.

Despite very heavy operating expenditure the motor buses have also yielded a profit during the year under consideration. This was achieved by the utilisation of double-decker omnibuses equipped with solid tyres, and above all by the large proportion of seats occupied (about 58 per cent), due to the fact that the omnibuses only serve the big traffic lines of Berlin. Professor Giese considers however that a great extension of omnibus lines would result in the omnibus service working at a loss, for the proportion of seats occupied would then be appreciably reduced.

In the case of the underground the operating expenditure, not including capital charges, is in general smaller than for the tramways. Nevertheless in Berlin this expenditure worked out in 1927 at 2.15 pfennigs per passenger-kilometer on the underground as against 1.52 pfennigs on the tramways. The high rate on the underground is explained by the fact that this undertaking is established as a private company and has therefore to pay taxes. The tramways on the other hand are regarded as a public utility undertaking.

In addition the underground system has to meet very heavy capital charges. The expenditure on capital account per kilometer of line operated works out at ℛ*M* 6.25 millions for the underground, as against only ℛ*M* 0.488 millions for the tramways and ℛ*M* 0.053 millions for the motor buses.

In concluding his article Professor Giese considers that a rational and economical transport policy for the City of Berlin calls for the maintenance of the existing tramway services, the development of the underground system and the restriction of the programme for the extension of motor bus services.

An important measure of reorganisation is to be carried out on January 1 next by the three combined Berlin transport companies (underground, tramways and motor buses). These companies, in which the municipality is the principal shareholder, have for some time already formed a community of interests, which was expressed in practice by the facilities offered to the public for travelling on the various lines served by the different companies on a single ticket for which a uniform fare is charged. It appears that this innovation, although extremely popular with the public, has not proved sufficient to remove the administrative, commercial and technical

obstacles to the rational development of urban transports, and it is therefore proposed to amalgamate the companies in question. Despite certain difficulties arising out of the diversity of organisation and the terms of the loan contracted in the United States by the underground company, a scheme drawn up by the managing boards of the three companies concerned has just been adopted by the Berlin Municipal Council.

The scheme provides for the dissolution and liquidation of the three existing companies and the creation of a single combined transport company with a capital of *R.M.* 400 millions, consisting of the property contributed by the municipality, comprising material property to the value of 218 millions, 161 millions of securities of the dissolved companies and 21 millions of liquid funds. It has been decided that the new company shall be the owner of the plant rather than holder of a concession, as it is thought that in this way it will be easier to find the large amount of capital required. The shareholders of the dissolved companies will receive bonds of the City of Berlin in exchange for their securities. The Managing Board of the new company, appointed by the General Meeting, will consist of twelve members of whom four will be officials of the City and eight members of the Municipal Council.

The Company's staff will number about 24 700; the park will consist of more than 5 000 vehicles of all kinds and the length of the system operated will be 982 km.

The amalgamation is expected to bring many advantages such as a considerable reduction in the burden of taxation; a stronger financial organisation calculated to facilitate the securing of the capital required for the development of the transport services; and concentration of operations in the hands of a single management, resulting in simplified and economical administration.

Competition of Motor Transport.

As I have stated in my recent reports, the employment of motor vehicles continues to increase in Germany. Although the world output showed a considerable decline in 1927 by comparison with the previous year, the output in Germany on the contrary increased rapidly, as is apparent from the following table recently published in *Wirtschaft und Statistik*.

Year	Total output	United States	England	France	Canada	Germany	Italy	Other countries
	in 1000 automobiles, including lorries							
1925....	4,900	4,266	177	177	161	63	40	16
1926....	5,034	4,299	209	190	205	45	65	21
1927....	4,195	3,394	232	190	179	115	55	30

At the end of 1927 Germany occupied fifth place in the world's output with 115,000 vehicles (91,000 private cars and 24,000 lorries). Appreciable progress has also been made during the last few

years in the process of manufacture, thanks to rationalisation measures which have reduced the number of works to 19 and the number of models to 40, as compared with 86 and 146 respectively in 1924.

The output of private cars in 1927 had almost doubled by comparison with 1925 and was three times the number manufactured in 1926 which was an unfavourable year. The increase applies particularly to light vehicles. The output of lorries in 1927 was 58 per cent greater than the output in 1925 and more than double the quantity manufactured in 1926.

As regards the year 1928, according to information published by the Reichsverband der deutschen Automobilindustrie covering the first eight months, the manufacture of German automobiles (motor vehicles of all kinds including motor bicycles) has increased by 36 per cent while sales have increased by 39 per cent by comparison with the corresponding period of 1927. The increase has scarcely affected heavy lorries and is largely confined to touring cars, rapid small lorries and in particular motor bicycles, as a result of the exemption from taxation and the improvement effected in the case of the latter. The increase was also furthered by a fresh reduction of prices of touring cars.

It is therefore not surprising that under the influence of increasing home production the number of motor vehicles in circulation continues to rise rapidly.

The total number in circulation in Germany on July 1, 1928, was 933,312 as compared with 723,935 on July 1, 1927, or an increase of 29 per cent. The increase from 1926 to 1927 was already as much as 26.6 per cent.

The following table shows the position in regard to the various types of vehicles as on July 1 of the last three years.

Category	1926	1927	1928
Motor bicycles	263,345	339,226	438,288
Private motor cars	201,401	261,142	342,784
Omnibuses	5,086	6,632	8,596
Lorries	90,029	100,969	121,765
Miscellaneous (tractors, water cars, etc.)	12,032	15,966	21,879
Total	571,893	723,935	933,312

The percentage of the total figures represented by each category is as follows:

Category	1926	1927	1928
Motor bicycles	46,1	46,9	47,0
Private cars and omnibuses	36,1	37,0	37,7
Lorries	15,7	13,9	13,0
Miscellaneous	2,1	2,2	2,3

By comparison with last year, tractors show the greatest increase (19,007 as against 13,706 or 38.7 per cent). Next come the ordinary automobiles (31.2 per cent), then omnibuses (30 per cent), then motor bicycles (29.2 per cent) and lastly lorries (20.6 per cent).

A comparison for a certain number of countries of the total number of automobiles and lorries with the population yields the following results:

Countries	Number of automobiles and lorries (1) (in 1000)		Number of inhabitants per automobile	
	1927	1928	1927	1928
Germany	369	473	171	134
France	891	949	44	43
Great Britain	1,024	1,173	43	38
Italy	138	153	290	266
Belgium	97	100	80	79
United States	22,137	23,127	5	5
Canada	820	939	11	10

(1) Position as on July 1 in Germany and as on January 1 in the other countries.

There is therefore in Germany at the present day 1 automobile per 134 inhabitants as compared with 1 automobile per 171 inhabitants in 1927. Although appreciable progress has already been made, in motor traffic Germany is undoubtedly still behind the majority of the other European countries such as France and Great Britain, which suggests that there is still a large margin for development left to motor traffic in Germany.

Parallel with the increase in the number of motor vehicles there has been a corresponding increase in motor transport services, the greater part of which is organised by the Postal Administration and the Kraftverkehr Deutschland G. m. b. H.

The results of the operation of the postal services, which, in addition to the actual mails, carry large numbers of passengers, are embodied in the following table:

Year	Number of lines served	Length of lines served in km.	Distance covered by Post motor cars in km.	Number of passengers transported
	at the end of the financial year			
1910	—	1,234	2,230.000	1,537.000
1924	583	10,547	10,100.000	8,507.000
1925	1,241	23,848	26,100,000	24,818,000
1926	1,482	28,275	38,200.000	36,100,000
1927	1,670	31,516	47,300,000	48,500,000

At the end of the business year 1927-28, that is to say on March 31, 1928, the Postal Administration was operating 1,722 lines with a total length of 32,094 km. and owned a park of 2,849 omnibuses. From April 1, 1927, to March 31, 1928, these

services transported 52.7 million passengers, while the distance covered by the omnibuses was 50.5 million kilometers.

As regards the motor companies affiliated to the Kraftverkehr Deutschland G. m. b. H., the development of their traffic during the first half of 1928 is illustrated by the following table.

Year	Number of lines served		Length of lines served		Distance covered		Passengers transported	Number of motors at the end of the year	
	Passengers	Goods	Passengers km.	Goods km.	Omnibuses (millions of km.)	Lorries (millions of km.)	(in millions)	Omnibuses	Lorries
1926	—	—	—	—	18.80	7.20	32.30	748	—
1927	380	45	6,394	2,409	26.03	9.88	49.28	972	742
1928(1)	451	—	7,763	—	15.37	4.10	31.67	1,075	—

(1) 1st half-year.

By comparison with the corresponding period of 1927 the figures for the first half of 1928 show an increase of:

29.2 per cent for the number of passenger lines,
29.7 » » » » length of these lines,
34.9 » » » » number of omnibuses,
32.8 » » » » distance covered by omnibuses,
49.0 » » » » number of passengers transported.

There has therefore been a very large increase in the number of passengers transported, together with an improvement in the number of seats occupied. According to information in the press the Kraftverkehr company believes that it will reach the total of 70 million passengers for the year 1928 as a whole. It will be noted that the results for goods traffic are less favourable.

The size of the services (so-called Eisenbahnkraftwagenverkehr) organised in conjunction with the Reichsbahn on the basis of the 1924 agreement has also increased during 1928. The length of lines served now totals 1,831 km. of which 1,206 km. represent the 36 goods services and 625 km. represent the 35 mixed passenger and goods services. The following table shows the results for the first half of 1928 as compared with those of previous years.

Year	Number of lines	Passenger traffic		Goods traffic		Receipts	
		Distance covered by motor cars km.	Number of passengers	Distance covered by lorries km.	Tons transported	Passengers	Goods
1925	27	82,962	112,298	334,370	98,769	70,008	495,592
1926	49	404,037	669,499	721,990	196,382	351,600	956,329
1927	63	801,609	1 516,615	1 126,908	317,512	732,573	1 652,634
1928(1)	71	541,825	931,606	504,920	121,358	459,261	579,207

(1) 1st half-year.

By comparison with the corresponding period of 1927 the figures for the first half of 1928 show an increase of:

68 per cent for the distance covered by omnibuses,
58 » » » » number of passengers transported,
17 » » » » distance covered by lorries,
3 » » » » tonnage transported.

It will be noted that the joint services organised in this way have developed very little as regards goods traffic. The results concerning passenger traffic have been better.

The motor services may frequently be looked upon as branch railway services which complete the system by bringing in fresh traffic. It must however be admitted that many lines are competitive services, which are gaining ground in Germany as abroad.

In competition motor transport is favoured by the fact that as a rule it has not to bear the cost of the construction and upkeep of the roads which it utilises. Secondly in Germany it benefits to a great extent by public subsidies from the States, Communes, etc. Added to this is the fact that the most important motor services are operated by a State service, viz. the Postal Service which, in addition to carrying mails, undertakes considerable transports of passengers: at the present time more than 50 million passengers per annum are transported on a system covering 32,000 km. It is impossible to ascertain from the accounts published by the Postal Service whether these passenger and goods services are really profitable—that is to say whether the receipts cover the expenses—or whether on the contrary they are worked at a loss which is made good by the profits on the postal transports properly speaking. In this connection I would recall that it was necessary to introduce a general increase of postal rates in 1927, amounting to as much as 50 per cent on letters.

It should be noted that negotiations have taken place with the Post Office with a view to co-ordinating the transports of the two concerns, an arrangement which would be in every way desirable. The discussions are shortly to be resumed in order to conclude an agreement on this point and to draw up a scheme of combined action in the face of the other motor transport undertakings.

Although motor transports render valuable services to the public, it must not be forgotten that a policy of undue assistance and subsidising of such undertakings accentuates the difficulties of the Railway in the sphere of competition. Such a policy may place the Reichsbahn in a difficult position and may ultimately force the Company to adopt tariff measures, the burden of which would have to be borne by the community as a whole.

Nor must it be forgotten that the satisfactory and profitable operation of the railway closely concerns the country. This is obvious when it is remembered that the total orders placed by the Reichsbahn each year with national industry represent some *R.M* 1,200 millions in value, and that this great undertaking employs itself more than 700,000 persons.

In my previous reports I announced that the Reichsbahn had decided, in order to retain its traffic, to collaborate more actively with the motor companies, by increasing the shareholdings already owned in certain companies and by acquiring new holdings. Owing to the fact that the financial results obtained by these companies were in general very mediocre, the Company formed the opinion that such a policy of shareholdings was not practicable and has consequently abandoned it. The Reichsbahn will confine itself to retaining the holdings already acquired without seeking to increase them. Moreover the Company now wishes to regain its full liberty of action as far as possible, in order to be in a position to conclude agreements with the Post Office and operate certain motor services itself, with the intention of gradually extending these services as soon as it has acquired some experience of this type of transportation. In consequence the Company came to an agreement with the Kraftverkehr Deutschland G. m. b. H. to cancel the contract with that company on November 15, 1928.

In my previous reports I also stated that the Company, with a view to recapturing some of the traffic which had been deflected to motor lorries, had granted a large number of special tariffs known as the K. tariffs. This policy has been continued during the last few months. It appears that these tariffs, to the number of 71 on November 22, 1928, have for the most part fulfilled their object.

It should be noted that the problem of regulating motor transports in Prussia has recently again received the attention of the authorities responsible for authorising new lines to be opened. These authorities desire to bring about a friendly working agreement for the permanent distribution of traffic between the owners of motor transport undertakings in each district. It is not yet possible to state whether this attempt will meet with success, but it is to be hoped that the interests of the Reichsbahn—which is entitled under the Railway Law to complete freedom of operation—will be duly taken into account.

It is not only in Germany that the problem of the relations between the railways and motor transport has arisen. It is the subject of study of most railway companies and of several international bodies. Among the latter mention may be made of the World Automobile Congress held in Rome in September last, at which a prominent place was given to the discussion of the best means of securing the most satisfactory collaboration of rail and road. At the close of the debate an interesting suggestion was made by the Chairman, Senator Crespi. Starting from the fact that under the present organisation of transports packings have to be strong, so that the goods can stand the strain of loading and unloading, and are therefore costly, so that cannot be overlooked the cost of packing and may be estimated at 2 per cent of their value, Senator Crespi observes that the elimination of these costs—with due allowance for the volume of trade—would represent a saving of several hundred million lire to the industrial nations. In his opinion such a saving could be realised by cooperation between the motor and the railway, and by utilising containers measured so as to fit exactly into a section of a car and in which the goods could

be packed instead of in haphazard packings. These containers would then be conveyed to the nearest station by lorries, where they would be sorted into cars having the same destination. Finally conveyance from the station to the recipient would again be effected by lorry.

In short it is a question of extending to international relations on the Continent a system which is already working on certain railways, namely in the United States, in Great Britain and also in France, under the name of transportation by containers. This system eliminates all intermediate loading and unloading between the place of origin of the goods and their ultimate destination; it results in a gain of time, in a diminution of the risks of damage or theft, and in a reduction of the costs of packing.

I would add that the problem of transports by containers has also received the attention of the Reichsbahn, which has already experimented with this system of transportation in the suburbs of Berlin and Munich. The Company also proposes to organise shortly (in agreement with the Stahlwerksverband and the consigning firms) a competition with prizes for the solution of the principal problems connected with the question, in particular the construction and scope of utilisation of the containers and the method of their distribution among users.

Air transport.

Commercial aviation has developed very extensively in Germany during the last few years. A comparison of the 1927 results with those of 1925 shows an increase of 173.8 per cent in the number of passengers transported and of 346.4 per cent in the tonnage of goods and baggage carried. In 1927 the number of passengers transported by air was equal to one-seventh of the number of 1st class passengers on the Reichsbahn.

Below will be found a comparison of the traffic results in 1927 and 1928 of the Luft Hansa, which operates 94 per cent of the regular services in Germany.

	Period January 1 to October 15	
	1927	1928
Kilometers flown	8,282,626	9,533,534
Passengers transported	96,292	105,832
Tons transported (goods, baggage and mails)	1,773	2,193

During the period under consideration for 1928 there has thus been an increase of 9.9 per cent in the number of passengers transported and an increase of 23.6 per cent in the number of tons transported by comparison with 1927. This increase of traffic is less than that recorded in the previous years, but it must be remembered that the air system in Germany developed more especially be-

tween 1925 and 1927, whereas now the system appears to be practically complete.

During the period January 1 to October 15 the proportion of occupied to available seats was 51.2 per cent as against 50.6 per cent during the corresponding period of 1927. On the other hand out of 27,423 flights fixed in the time-table, 25,609 were actually carried out, giving a coefficient of regularity of 93.4 per cent as against 92.0 per cent in 1927.

In my previous report I announced the creation in the summer of 1928 of express services intended to connect Berlin with the most important cities in Germany and abroad, by avoiding intermediate calls as far as possible. With the introduction of the winter time-table some of these services have been suspended, but on the other hand new connections have been established between Lübeck–Hamburg–Bremen, Essen–Cologne–Düsseldorf, Lübeck–Kiel–Flensburg and Hamburg–Copenhagen.

Among the schemes which will not materialise in the immediate future, mention may be made of the institution of a service to the Balkans, and of services between Europe and South America, and Europe and the Far East.

The two night services Berlin–Hanover–Amsterdam–London and Berlin–Hannover–Essen–Cologne–Paris, which are utilised exclusively for the transport of goods, have been suspended for the winter despite the good results obtained. The goods service will be carried out by the ordinary planes, which are able to accommodate a greater load as they are not so much used by passengers during the bad season.

This year the passenger fares will not be modified during the winter. Compared with the new tariffs for the Reichsbahn's express trains, the fares for air transport (for the lines operated in Germany) are practically the same as the 1st class railway fare, but on the other hand they are 72 per cent higher than the 2nd class fare.

I stated in my previous report that the Reichsbahn, in the interests of traffic as a whole, had concluded an agreement with the Luft-Hansa in August 1927, for the purpose of co-ordinating the transport of goods by rail and air. The combined traffic known as "Fleiverkehr" shows a tendency to develop, particularly as regards international traffic.

On September 1, 1928, a new agreement between the Company and the Luft-Hansa came into force, to facilitate the transport by rail of air passengers who have broken their journey by air or have not been able to complete it for some reason or other.

The air passenger receives free of charge at the booking offices of the Railway Company, or if time is lacking from the conductor on the train, a 1st class ticket in return for his air ticket, which is valid for an express train to the destination stated on the air ticket. The baggage of air passengers is also transported free of charge by the Reichsbahn in return for the baggage ticket of the Luft-Hansa and upon presentation of the exchanged ticket. This arrangement only applies to internal traffic or to international traffic when departure takes place from Germany.

The Luft-Hansa has undertaken to acknowledge all air tickets and baggage tickets transmitted by the Reichsbahn, and to repay to the Railway Company the value of the 1st class tickets on express trains and of the cost of conveyance of the baggage.

* * *

GOODS TRAFFIC.

Development of traffic.

The traffic results in 1927, which I analysed in detail in my previous report, were very satisfactory. The number of ton-kilometers increased by 9.95 per cent as compared with 1926 and by 15.9 per cent as compared with 1925. For the first time since 1924 the tonnage transported exceeded that of 1913 (taking the system as reduced to its present frontiers).

This pronounced increase of traffic is due to the recovery of Germany's economic activity, which began towards the end of 1926 and reached its highest point during 1927. The increase of production, the expansion and reorganisation of industry assisted by the influx of foreign capital, the growth of imports and the development of the home market were the factors responsible for the increased transports of the Reichsbahn.

But, as was to be foreseen, the rapid economic recovery of Germany witnessed between 1926 and 1927, was succeeded at the beginning of 1928 by a period of relative stability. This development is illustrated by the following statistics relating to production during the period January—October 1928 as compared with the corresponding period in 1926 and 1927.

Output of	January—October		
	1926	1927	1928
	(in 1 000 tons)		
Coal	118,091	127,483	126,916
Lignite	124,136	122,998	137,571
Coke	20,882	26,493	28,834
Pig iron	7,594	10,835	10,654
Steel	9,781	13,537	13,056

It will be noted that the output of coal, pig iron and steel, which increased very largely between 1926 and 1927, has remained practically the same in 1928 as in the previous year.

The transports of the Reichsbahn have also increased this year but less rapidly than in the year before. Whereas for the first three months of 1928 the tonnage transported still showed an increase of 7.2 per cent by comparison with 1927, the traffic figures—after a temporary fluctuation in April and May—in the subsequent months have been very much the same as those of 1927.

Below will be found the goods traffic results for the first six months of 1928 (the only definitive results at present available) as compared with the results for the corresponding periods in 1926 and 1927.

	January—June			Percentage of increase, 1927 as compared with 1926	Percentage of increase, 1928 as compared with 1927
	1926	1927	1928		
Tons transported..... (in thousands)	165,373	205,557	212,002	+24.30%	+3.14%
Ton-kilometers..... (in thousands)	24,626,944	31,535,001	32,625,385	+28.05%	+3.46%
Mean distance of transport in kilometers..	148.92	153.41	153.89	+ 3.02%	+0.31%

During the period January—June 1928 there was therefore an increase of traffic, calculated in ton-kilometers, of 3.5 per cent as compared with 1927; but during the corresponding period of 1927 the increase in ton-kilometers as compared with 1926 was as much as 28 per cent.

The receipts from goods traffic for the period January—June 1928 totalled ℛ.ℳ 1,578,508,345 as against ℛ.ℳ 1,550,078,609 for the same period in 1927, being an increase of 1.8 per cent. This is less than the increase in the number of ton-kilometers (3.5 per cent) for on the occasion of the application on August 1, 1927, of the revised tariffs, certain reductions of price were granted for the higher categories of goods and for short distances.

The development of goods traffic during the months subsequent to June is illustrated by the following table, which shows the number of ton-kilometers and the average number of cars loaded per working day in comparison with 1927.

Months	Ton-kilometers (in 1,000,000)		Percentage of increase, 1928 as compared with 1927	Average number of cars loaded per working day		Percentage of increase, 1928 as compared with 1927
	1927	1928	%	1927	1928	%
January—June..	31,535	32,625	+ 3.5	142,254	146,075	+ 2.7
July.....	5,367	5,524	+ 2.9	150,210	150,667	+ 0.3
August.....	5,498	5,585	+ 1.6	150,337	151,216	+ 0.6
September.....	5,653	5,837	+ 3.3	157,162	161,451	+ 2.7

From June onwards the number of cars loaded per working day has been appreciably the same as in 1927. In September, it is true, a slight increase of traffic is to be noted, but this is due to

an exceptional cause, namely the despatch of many consignments before the coming into force of the tariff increase on October 1. In October the number of cars loaded declined by 2.5 per cent by comparison with 1927, and the decline appears to be continuing.

Annex IX gives a graph showing the curves of traffic during the years 1926 to 1928. The curves show the exceptional increase of traffic since 1926 and the stability which has set in since June 1928.

The statistics at present available allow of an approximate estimate as to the probable traffic results for the entire year. The number of tons transported may be estimated at 440 millions as against 434 millions in 1927, and the number of ton-kilometers at 66 milliards as against 64.9 milliards in 1927. Calculated in terms of ton-kilometers the increase of traffic in 1928 as compared with 1927 will probably work out at less than 2 per cent.

On the other hand a comparison of the probable results for 1928 with those of 1913 (for the system reduced to its present frontiers) gives an increase of 10 per cent for the number of tons transported and an increase of 28 per cent for the number of ton-kilometers.

It will be noted that, according to these estimates, the number of ton-kilometers in 1928 will have increased by 18 per cent as compared with 1925, which corresponds to an average annual increase of 5.7 per cent. This rate of increase is appreciably the same as that recorded before the war during the period when the railway system was being developed, that is to say an annual increase of 5.5 per cent. But the increase of traffic came about more particularly between 1925 and 1927, and is partly due to the special economic conditions prevailing in Germany after the stabilisation, when the country was obliged to reorganise and to lay the foundations of economic life afresh. In 1928 these exceptional conditions have partly disappeared and the rate of development is now less rapid. These results suggest, as I have indicated in my previous reports, that probably goods traffic will in future expand more slowly than before the war.

It appears of interest at this point to furnish some more detailed information on the transport of coal, which represents about 37 per cent of the total goods carried. Below will be found the figures of the coal tonnage transported during the period January—June 1928, as compared with the figures for the corresponding period in 1926 and 1927.

	January– June			Percentage of increase, 1927 as compared with 1926	Percentage of increase or decrease, 1928 as compared with 1927
	1926	1927	1928		
Coal	47,867,948	51,873,219	50,762,449	+ 8.4%	— 2.1%
Lignite	20,494,770	24,979,106	27,454,799	+ 21.9%	+ 9.9%
Total	68,362,718	76,852,325	78,217,248	+ 12.4%	+ 1.8%

The coal transports in 1928 show a slight decline by comparison with the previous year although the output has remained the same. On the other hand lignite transports show a satisfactory development, which is due above all to the more wide-spread use of briquettes both for domestic and industrial consumption. The increase of lignite transports is equivalent to the increased output, *i. e.* 10 per cent.

It is interesting to note that coal transports increased in all by 10 per cent only between 1925 and 1927, whereas the tonnage of goods other than coal shows an increase of 20 per cent. This slackening in the development of coal transports is doubtless a consequence of the technical progress made in the utilisation of coal, the more general use of liquid fuels and the extension of the high power system for the conveyance of current. The same results may be expected from the contracts which have been concluded recently between the heavy industry and certain towns for the supply of gas produced in the mining centres and conveyed over long distances through pipes.

The position with regard to transports in the most important German coalfields is illustrated by the following table, which shows the average number of cars loaded per working day for the period January—October in 1926, 1927 and 1928.

Coalfield	January—October			Percentage of increase, 1927 as compared with 1926	Percentage of increase or decrease, 1928 as compared with 1927
	1926	1927	1928		
Ruhr	27,146	27,964	26,472	+ 3.0%	— 5.3%
Upper Silesia	5,139	5,593	5,808	+ 8.8%	+ 3.8%
Lower Silesia	1,394	1,484	1,414	+ 6.4%	— 4.7%
Central Germany	7,982	8,924	9,693	+ 11.8%	+ 8.6%

It will be noted that the decline in coal transports in 1928 principally relates to the Ruhr coalfield. The chief causes of this decline are the restriction of home markets, the river shipping strike in June which led to a considerable reduction of transports between the mines and the river ports, and to some extent also the increasing severity of competition from foreign coal.

The coal transports for the service of the Company, which totalled 7,587,996 tons for the period January—June in 1927, totalled 7,348,867 tons for the corresponding period of the present year.

Annex X illustrates the distribution according to provenance and destination of the tonnage transported during the period January—June in 1927 and 1928, and also the service transports of the Company including coal.

In the case of goods other than coal the free service transports during the period under consideration totalled only 11,760,171 tons in 1928 as against 14,539,970 tons in 1927, the reason for the decline this year being the fact that the constructional works of the Reichsbahn have been considerably reduced.

Below will be found some statistics on goods trains, not including service trains, for the period January—October in 1927 and 1928.

	January—October			Percentage of increase, 1927 as compared with 1926	Percentage of increase or decrease, 1928 as compared with 1927
	1926	1927	1928		
Train-kilometers (in 1000)	177,342	193,629	206,814	+ 9.2 %	+ 6.8 %
Axle-kilometers of goods trains (in 1000)	13,850,635	15,545,605	16,315,689	+ 12.2 %	+ 4.9 %
Average number of axles per train ..	78	80	79	+ 2.6 %	— 1.2 %

Increase of tariffs.

Before going into the details of the general increase of goods tariffs, which came into force on October 1, last, it appears advisable to undertake a rapid survey of the Company's tariff policy during the last few years.

At the time of the stabilisation of the currency in November 1923 the Railway was obliged to apply the gold tariffs, which were about twice as high as the pre-war tariffs. Subsequently however with a view to encouraging the economic recovery of the country, which was crippled by the crisis following the stabilisation, the Reichsbahn not only reintroduced a large number of special tariffs but also made successive general reductions, the last of which was equivalent to 10 per cent and came into force on September 18, 1924 on the eve of the creation of the German Railway Company.

Accordingly towards the end of 1924 the average cost of transports had been considerably lowered and on an average showed an increase of about 44 per cent by comparison with 1913.

Since then, despite the continuous growth of expenditure and the slump in traffic towards the end of 1925, the Company's tariff policy has been invariably directed towards promoting the economic development of the country. Until October 1 last, with the exception of some very special cases, the Company managed to avoid any increase of goods tariffs and on the contrary granted numerous reductions in favour of industry, trade, the seaports, river shipping and certain districts in Germany.

In addition to the general coal tariff, lower tariffs were introduced in recent years, either to assist coalfields unfavourably situated like the Siegerland fields, or to increase sales of coal in the coastal districts particularly exposed to foreign competition, or to promote exports abroad and facilitate the supplying of Berlin.

With a view to encouraging exports and imports special tariffs were created for certain goods and quite recently reduced tariffs with a general application have also been introduced. These tariffs have contributed appreciably to the development of traffic in the

German ports, which have also benefited by the very low transit tariffs which bring them traffic from the countries bordering on Germany.

The Company has also granted reduced trans-shipment tariffs for the river ports of the Rhine, Main, Oder and Danube.

Leaving aside the many secondary advantages accorded in the form of special tariffs or reclassification, I will further recall the reductions granted on foodstuffs, the reclassification of machinery and other iron and steel products, and the reductions granted in respect of traffic between East Prussia and Germany.

This tariff policy reached its full development with the revision of normal tariffs in August 1927. The revision was designed to abolish certain inequalities in the rates and to adjust the tariff system to present economic conditions in Germany. It introduced reductions in the case of goods belonging to the higher categories, for transports over short distances and for 10 ton consignments. The revision of the normal tariffs, together with its effect on the special tariffs, represented a saving on transports of about 80 million marks to the German economy.

The financial effects of the tariff reductions introduced during the last few years are visible from the steady decline in the receipt per ton-kilometer on commercial transports. From 4.92 pfennigs in 1925 the receipts declined to 4.76 pfennigs in 1927, a decrease of 3.4 per cent. But it should be noted that the reduction of the normal tariffs only partially affected the returns for 1927 as the revision did not take effect until August 1. Accordingly, taking the period August 1, 1927 to July 31, 1928, it will be found that the receipt per ton-kilometer was only 4.70 pfennigs. Compared with 1913 the receipt, tax included, shows an increase of 37 per cent whereas for 1925 the increase was 44 per cent.

At the beginning of this report I explained the reasons which have caused the Company to suspend the policy of tariff reduction pursued hitherto, and the circumstances which have obliged the Company to resort to a general tariff increase, which came into force (in the case of goods) on October 1, 1928.

In the proposals submitted by the Company to the German Government in March of the current year the rate of increase for goods tariffs was fixed at 10 per cent. The Company exempted the so-called competitive tariffs from the general increase, but at the request of the Government, following the decision of the Railway Court, the foodstuffs tariffs were also exempted. In return the rate of increase was fixed at 11 instead of 10 per cent.

The increase consequently applies to all goods tariffs with the exception of those enumerated under a) and b) below:

a. So-called competitive tariffs.

Under this heading are included more particularly the transit tariffs, the tariffs for imports and exports through the seaports, the tariffs designed to meet the competition of motor transport, and

lastly the tariffs which are applied subject to the despatch of a certain specified tonnage. The receipts derived under all these reduced tariffs together amount to ℛ𝑀 268.5 millions.

b. Tariffs for foodstuffs.

Under this heading the chief place is occupied by the "Nottarif," which applies to cheese, cereals, flour, dried vegetables and certain fresh fruit and vegetables, and the special tariff for potatoes.

Among the foodstuffs tariffs there is also included the milk tariff which was likewise exempted from the general increase; but the rates of this tariff had previously been raised by 25 per cent on an average. This was a necessary step for the special milk tariff, which granted a reduction of 60 per cent on the normal tariffs, did not cover the cost of transport. It should be noted that even now the new rates of the milk tariff are about 20 per cent below the pre-war rates.

The exemption of the foodstuffs tariffs from the general increase entails a loss of receipts to the Company of 13.9 million marks. This loss is however reduced to 11.9 millions by the raising of the milk tariff.

As I stated in my previous report in connection with the revision of normal tariffs, certain applications for reductions were submitted to the Reichsbahn. Owing to the great loss of receipts which would have resulted from such reductions the Managing Board decided that they could only be applied in conjunction with a general increase of goods tariffs. Accordingly on October 1 the following reductions came into force:

The consignment charge on coal has been reduced from 11 to 9 pfennigs per 100 kilograms. This reduction represents a loss of ℛ𝑀 25 millions per annum for the Company.

The coal tariff as it now stands after the reduction of the consignment charge and the general increase of 11 per cent, compares as follows with the tariff in force prior to October 1, 1928, and the pre-war tariff.

Kilometers	Price in pfennigs per 100 kilograms					
	50	100	150	200	300	500
Tariff in force:						
in 1914	18	29	40	51	73	105
prior to October 1 1928	26	41	56	71	101	129
at present	27	43	60	77	110	141
Percentage of increase of present tariff:						
by comparison with the previous tariff	3.5 %	4.9 %	7.1 %	8.4 %	8.9 %	9.3 %
by comparison with the 1914 tariff	50 %	48.3 %	50 %	51 %	50.7 %	34.3 %

As the present coal tariff is more extensively graduated than the pre-war tariff, the increase in the cost of transport diminishes as the distance increases and disappears altogether after 825 km.

It will be seen that for the mean distance of coal transports, which is about 140 km, the present tariff is 7 per cent higher than the tariff in force prior to October 1. This is less than the increase of the selling price of coal from May 1, 1928, onwards, which was from 10 to 20 per cent according to the quality of the coal.

In the section dealing with the development of special tariffs I shall discuss the modifications introduced in the coal tariffs other than the general tariff.

A reduction of 22 per cent on the normal tariffs was also granted as from October 1, 1928, on iron and steel products of categories A to D exported via the land frontiers.

A reduction of 15 per cent was also granted on the tariffs of the normal category F for straw and hay.

In my previous report I explained the reasons which justified the introduction of these latter measures. I should add that for the Company they represent a loss of 4.3 millions in receipts, of which 2.4 millions represent the reductions on iron products and 1.9 millions the reductions on hay and straw.

It is estimated that the general increase of goods tariffs, allowing for the various concessions referred to above, will provide the Company with an additional income of about ℛ.ℳ 200 millions, representing an increase of about 6.5 per cent on the total receipts from the transportation of goods.

In future the average rate payable per ton-kilometer for commercial transport will be approximately 40 per cent higher as compared with 1913, not including the tax, and 47 per cent higher if the tax is included.

The tariff increase, which was necessary to meet the fresh expenditure imposed upon the Company, is also justifiable from the economic point of view in the light of the general rise of prices and wages during the last few years in Germany.

It is clear that a tariff increase is undesirable as regards the country's economic life, but care should be taken not to exaggerate the effects of the recent increase. In this connection it is interesting to compare the cost of rail transport with the value of the goods. In the absence of statistics indicating the value of the total goods transported by the Reichsbahn it is possible roughly to estimate the value in question in the following manner.

In 1927, according to the Customs statistics, the average value of the goods imported by Germany worked out at ℛ.ℳ 194 per ton and that of goods exported at ℛ.ℳ 178 per ton. Taking the lower of these two figures, as the average value of the goods transported by the Reichsbahn, it may be assumed that the 434 million tons transported in 1927 represented ℛ.ℳ 77 milliards in value. If this estimate is halved, to allow in particular for the fact that the goods consigned within the country may be of less value than those exported, the total value would still be about forty milliards.

As the receipts from goods traffic in 1927 totalled only ℛ.ℳ 3226 millions, the cost of transport would represent on an

average only from 4 to 8 per cent of the value of the goods and a tariff increase to the extent of *R.M* 200 millions would only represent an insignificant additional charge of some 3 to 5 per mille of the total value of the goods transported.

It may be argued, it is true, that certain commodities are transported several times before reaching the consumer in the form of finished products, and that this multiplies the cost to be borne by the consumer and accordingly affects the cost of living. If the question is to be dealt with from this standpoint only the value of the products consumed in Germany can be considered, representing (according to certain statistical enquiries) from 40 to 50 milliard marks. Viewed in relation to such goods the recent increase of freight rates entails an additional charge of 4 to 5 per mille.

Undoubtedly the cost of transport is very unequally distributed over the various categories of goods and falls primarily upon heavy goods or those which have to be transported over long distances. In addition certain categories have been excluded from the tariff increase, the burden of which is accordingly spread over the other categories. For these reasons and in view of the uncertainty of the above estimates, the rates calculated above can only give the extent of the new charge imposed on German enterprise as a whole and not the charge borne by any particular class of goods.

It appears improbable, at the outset, that an increase of only a few thousandths can contribute to any appreciable extent towards raising the cost of living or restricting economic activity, as had been feared.

Development of special tariffs.

On July 1, 1928, a new special tariff AT 6 i came into force for coal from the Ruhr and Upper Silesia destined for the power stations and gas and waterworks of Berlin. This tariff reduces the general coal tariff by 20 per cent, subject to the minimum consignment of 800,000 tons per annum. The transports have to be made by shuttle services of complete trains carrying not less than 1,000 tons and composed exclusively of large capacity cars equipped for automatic discharge. The great reduction granted under this tariff is rendered possible by the savings which this system of transport realises.

The scheme for this special tariff was drawn up by the Company in January 1927, but the Transport Ministry did not authorise its application until June of this year. It will be remembered that this tariff gave rise to criticisms among inland shipping interests connected with the supply of coal to Berlin. When the general tariff increase came into force on October 1, last the rates of the special tariff were raised by 20 pfennigs a ton.

Since February the Company has granted a rebate in the form of reductions of *R.M* 2.40 and 1.90 per ton respectively on transports of bunker coal destined for the North Sea ports and the Baltic ports. This rebate, which supplements the reduction prescribed under tariffs AT 6 e and AT 6 f for the coastal districts, was granted

only in cases where the transports of bunker coal were in addition to the minimum tonnage liable to the application of the two aforementioned tariffs. This stipulation was abolished on October 1, with a view to giving German ocean and river shipping greater facilities for supplying the home market. At the same time the monthly minimum tonnage upon which the application of tariff A T 6 e is dependent, was reduced from 455,000 tons to 355,000 tons. The reduction of the tariff for bunker coal (which will in future be applied direct and not in the form of a rebate) in relation to the general tariff varies between 22 and 45 per cent for consignments destined for the North Sea ports, and between 13 and 40 per cent for consignments destined for the Baltic ports.

At the present time special reduced tariffs are in force for all the important German coalfields in respect of the transport of coal and lignite destined for the German coastal districts. As these tariffs are designed to increase German sales in competition with foreign coal they have remained untouched by the general tariff increase of October 1, 1928.

The system of tariffs designed to encourage the export of German coal and simultaneously to compete with foreign railways has been completed during the last few months, and all these tariffs have been exempted from the general increase of October 1. Thus reductions have been granted for export of coal from Upper Silesia to Czecho-Slovakia, Hungary, Rumania, Jugo-Slavia and Austria, and for exports from the Aachen coalfields to Jugo-Slavia and Hungary through the Danube river ports. Reductions have also been granted on lignite exported through the frontier stations of Passau and Salzburg. In addition a rebate of 50 pfennigs per ton has been introduced for Polish coal destined for Switzerland and transported through Germany. This measure is designed to compete with the transport lines of Czecho-Slovakia and Austria.

The rates of the trans-shipment tariff A T 6u for transports of coal from the Rhine and Main ports to stations in South Germany have been increased on an average by 15 per cent as from December 1. This increase is greater than that applied to the general coal tariff (approximately 7 per cent), with a view to maintaining the ratio between the cost of transport by the direct rail route and the cost by the combined Rhine and rail route as it existed prior to the tariff increase. An important modification of the conditions governing the application of the tariff has also been made. In future the tariff will only apply to coal transports which have first of all utilised the Reichsbahn before adopting the Rhine route. Thus foreign coal coming from Rotterdam up the Rhine will no longer be able to benefit by the reduced tariff A T 6u for transports between the Rhine and Main river ports and the South German towns.

In the case of goods other than coal the Company has granted reductions during the last few months on cement, electrode-coal, blast furnace slag, fertilisers derived from peat, etc. But these special tariffs are only of limited importance since they only apply to a restricted volume of traffic and to specified directions.

The rates of the special tariff for news-print were considerably reduced as from August 15, with the object of retaining these transports for the railway, as they tend increasingly to give preference to lorries.

The Reichsbahn has during the last few months actively pursued the tariff policy which aims at facilitating imports and exports and at the same time encouraging the development of traffic in the German seaports. Thus new special tariffs have been granted for imports of raw tobacco consigned to destinations in the Karlsruhe and Stuttgart districts, and for copper destined for Westphalia. In addition the reductions proposed for exports of paper, cardboard and cellulose, articles made of brass, copper and zinc, iron products of category F and salt have been appreciably increased.

On October 1 last the Reichsbahn put into force a general tariff for imports and exports through the German seaports, applying to a series of goods of categories A to C which do not benefit by the special seaport tariffs already existing. Similar tariffs existed before the war and encouraged collective traffic by granting a reduction ranging from 11 to 50 per cent, according to the category of the goods and to their destination or provenance. For certain stations in the Rhineland situated within the sphere of counter-attraction by French and Belgian ports the reduction may be as much as 70 per cent.

The special transit tariffs (so-called "SD" tariffs) which are designed to attract the import and export traffic of certain countries bordering on Germany to German ports, have undergone various alterations during the last few months in accordance with the requirements of competition. Thus the increase of the French tariffs, which came into force on March 1 last, has enabled the Company to raise the SD 2 tariff by about 30 per cent for traffic between the Swiss frontier stations and the German ports. On the other hand the rates of tariff SD 5 for traffic between the Polish frontier stations and the German seaports have been reduced again, specially for the port of Stettin, as a result of the increasingly severe competition of Polish lines terminating at Danzig.

In my previous report I announced with regard to the tariff war between Hamburg and Trieste, that the provisional agreement concluded towards the end of 1926 for the purpose of suspending for a year exceptional competitive measures had been extended until June 30, 1928. Prior to its expiration the authorities concerned succeeded in concluding a definitive agreement in Munich on the tariffs to be applied to traffic from Czecho-Slovakia and Austria to the German North Sea ports and the Italian Adriatic ports.

In the case of Czecho-Slovakia a line of demarcation on which transport rates are the same to Hamburg as to Trieste has been drawn. This line begins at Tachau in the south west of Bohemia, passes a little south of Prague and ends in Slovakia. The transport rates for Trieste increase less rapidly to the north of this line than the transport rates to Hamburg to the south of this line. In this way an attempt has been made to allow for the special

difficulties which communications between Czecho-Slovakia and Trieste present owing to the mountainous nature of the country and the necessity of crossing several frontiers.

The definitive agreement secures certain financial advantages to the Reichsbahn. Whereas hitherto Czecho-Slovakia only granted tariff reductions to Trieste, she will now grant reductions to Hamburg up to 35 per cent of the normal tariffs and the Reichsbahn will therefore be able to raise its rates.

In the case of Austria it has been agreed that the tariffs governing traffic confined entirely to the railway between Austria and the German ports are to be from 12 to 15 per cent higher than the tariffs between Austria and Trieste. On the other hand for combined Reichsbahn-Danube traffic the total cost of transport on the route Hamburg-Passau-Vienna may be equal to the cost of transport from Vienna to Trieste.

The Austrian railways will grant the same reductions on traffic to Hamburg as are granted on traffic to Trieste.

The definitive agreement also provides for the establishment of a tariff Union, embracing the Reichsbahn and the Managements of the railways interested in traffic to the Adriatic ports, which will be responsible for the application of the tariff measures summarised above.

The Munich agreement is a compromise solution of a problem which presented great difficulties, not only from the tariff point of view but also from the economic and financial point of view. The railway authorities concerned will now be able to raise their tariffs and to abandon a costly struggle, and it is to be hoped that the agreement will prove the starting point for the regulation of the tariff competition which still continues with certain countries.

The activity of the Company in the sphere of special tariffs promotes economic activity in Germany and at the same time contributes to the increase of traffic. For example the tonnage transported under the competitive tariffs (verkehrswerbende Tarife) has risen for the period January-March from 1475461 tons in 1927 to 1 722 164 tons in 1928, an increase of 16.7 per cent.

But it must be remembered that the Company is exposed on the other hand to the loss of traffic, not only as a result of competition from motor transport but also owing to the extension of waterways. For instance in June of this year the branch canal from the Midland Canal at Hildesheim was opened for service. It is estimated that this will entail a loss of about 1.5 million tons of traffic to the Reichsbahn, of which 887 600 tons represent the transports of coal and coke for the Ilseder blast furnaces—transports which previously took place by rail. The diminution of receipts resulting from this loss of traffic is estimated at 6.4 million reichsmarks per annum.

* * *

PERMANENT WAY AND WORKS.

Upkeep of Permanent Way, Structures and Buildings.

The following table shows the estimated expenditure for the year 1928 in the operating account, as calculated by the Management, for the upkeep of the permanent way, structures and buildings.

Upkeep of permanent way, structures and buildings	Estimated expenditure for the business year 1928 in millions of ℛ.ℳ
1. *Ordinary upkeep*	
Wages	159.2
Materials for permanent way and constructional work	85.0
Miscellaneous expenditure	53.3
2. *Renewal of track and ballast* (3,100 kilometers)	
Wages	34.0
Materials for permanent way	161.7
Miscellaneous expenditure	16.6
3. *Extraordinary upkeep*	51.7
4. *Improvements and extensions*	22.7
Total	584.2

Part of the expenditure shown in the above table relates to extensions of installations and to the strengthening of structures and track carried out during the work of upkeep, in particular to allow for the heavier axle loads. In the long run therefore such expenditure should be charged to the extensions account. Accordingly the total expenditure of ℛ.ℳ 584.2 millions shown above, which does not include general expenses, is distributed as follows:

Operating account	Upkeep	ℛ.ℳ 262	millions,
	Renewals	» 264.9	»
Expenditure on extensions		» 57.3	» .

The nature of the expenditure charged to the various headings in the above table is defined in the explanations furnished on page 56 of my report No. 6 dated December 2, 1927.

It should be added however that the wages shown in the above table only include those of the last grade of workers denominated "Arbeiter" and do not include the salaries and pay of the employees known as "Beamten", although this title in Germany covers a large number of persons occupying positions corresponding to those of workmen in foreign undertakings. For instance the wages of level crossing gate keepers signalmen and various employees responsible for the upkeep and supervision of the safety appliances are not included. The same holds good with regard to the pay of all the officials and employees of the Districts, the sub-districts (Betriebsämter) and the station districts (Bahnmeistereien), who are employed wholly or in part in the service of upkeep or supervision of the permanent way and its accessories.

If allowance were to be made for all the salaries of the permanent way officials and for the cost of service transportation, in short if all the general administrative expenses and other costs were to be included in the total expenditure on the upkeep and supervision of the permanent way, it would be necessary (according to the estimates of the Company to increase the expenditure on upkeep by roughly 25 % and the expenditure on renewals by roughly 18 %.

It follows that the expenditure on upkeep and renewals, previously shown at ℛℳ 262 and 264.9 millions respectively, when increased by the amount of the aforesaid expenses, would work out at a total of some ℛℳ 640 millions. This sum represents about 12.4 % of the total estimated receipts of the Reichsbahn for 1928, which are calculated at ℛℳ 5,174 millions.

The following table shows that the percentage of receipts thus absorbed by the German railway system comes between that of the big British railways and that of the big American railways.

Reichsbahn (estimates for 1928)	12.4 %.
British railways together:	
1924[1]	11.75 %.
1925[1]	11.8 %.
Big American railways together (average for the years 1921 to 1927 inclusive)[2]	13.47 %.
Belgian railways (September 1, 1926 to December 31, 1927)	10.8 %.

In my report of June 1, 1928, I explained that the Reichsbahn, allowing for its present financial position, had drawn up a programme of renewals of track, provisionally restricted to 2,097 km. but which would probably be extended by some 700 to 800 km., thanks to an increase of receipts during the first months of the year.

Actually, so far as can be judged by the advance made in the work, the Company will renew about 3,100 km. of main tracks this year with new materials, principally of the type "superstructure K" on wooden sleepers with rails weighing about 49 kg.

In this way a coefficient of renewal of 4 % of the main tracks will be reached, which the Reichsbahn regards as the normal rate since at the end of 1927 the through tracks of the system (including the secondary lines) totalled 77,428 km.

These renewals will not suffice to make up the whole of the arrears of upkeep dating from the war and post-war years. As I pointed out in my previous report, the Company is not to blame for these arrears as since its creation it has renewed more than the normal length of track.

The Company roughly estimated the arrears of renewals at the beginning of 1928 at 7,700 km. of track, but a more accurate calculation reduces the arrears to about 6,700 km.

It should also be added that these calculations of arrears assume that in general the permanent way was in an approximately normal condition at the end of the business year 1914. But during the

[1] Calculated according to the statistics furnished by the periodical *Archiv für Eisenbahnwesen* Part 5, September—October 1926, pp. 1156 and 1166.

[2] Calculated according to the figures obtained from *Railway Statistics of the United States of America* by Slason Thompson, Chicago. Edition, 1927, pp. 82 and 83.

period 1905-1914 inclusive, renewals took place at the average rate of 5.33 %, which suggests that they were in advance of requirements. This advance may be explained by the desire of the former German Federal State systems to procure a sufficient quantity of good second hand material for extension works on their station tracks and sidings which at that time were far greater in volume than during the period 1915-1927. During the ten years from the beginning of the business year 1905 to the end of the business year 1914 branch lines increased by 40,921 — 27,689 = 13,232 km. or on an average by 1,323.2 km. per annum, while during the period covered by the 13 business years from 1915 to 1927 inclusive, the increase was only 44,041 — 40,921 = 3,120 km. or on an average $\frac{3,120}{13} = 240$ km. per annum, which ist $5^1/_2$ times less than during the previous period under consideration.

Apart from this consideration the arrears are really smaller than those previously indicated, for the following reasons:

In the first place the coefficient of 4 % has been applied in the Company's calculations to the total length of main tracks, including the by no means insignificant length of the many switches on the system. The Company annually replaces several thousands of switches by completely new turnouts, and this represents a considerable additional renewal of track. For instance, during the business year 1927 the Company completely renewed 12,340 switches with new materials, a large proportion of which are situated on the main through tracks; during the same year the Company replaced 7,900 turnouts on station sidings by repaired switches reconstructed mainly with good second hand material.

Further, renewals of portions of track measuring less than 100 meters, which take place in the course of ordinary upkeep, are not included in the figures of periodic renewals, so that the work of actual repair is in reality greater and arrears are consequently reduced.

In making a comparison it may be said that for the British railways as a whole the renewals were considerably less during 1924 and 1925. As a matter of fact if one takes the ratio of track renewed to the total length of all the track in service (in the absence of information as to the total length of main tracks) it will be found that according to the figures extracted from the *Archiv für Eisenbahnwesen*, Part 5, September-October, 1926, pp. 1168 and 1169, the proportions are as follows:

Year	Percentage of renewal of track in relation to the total length of track	
	principal British railways %	Reichsbahn %
1924	2.1	—
1925	2.22	2.08
1926	—	3.35
1927	—	3.4
1928	—	2.55

I should also mention that during the years 1925, 1926 and 1927 the Belgian National Railway Company renewed on an average only 4.26% of its main lines annually, whereas for the Reichsbahn the proportion was 4.77 % during the same period and 4.58 % during the years 1925 to 1928 inclusive.

In the following table the track of the various Federal State railway systems at present operated by the Reichsbahn is classified according to age as at the beginning of 1928.

	Age of running track on main lines	
	from 1 to 18 years	over 18 years old
Baden	46 %	54 %
Bavaria	50 %	50 %
Saxony	59 %	41 %
Mecklenburg	73 %	27 %
Wurtemberg	75 %	25 %
Oldenburg	81 %	19 %
Prussia-Hesse	83 %	17 %

The Reichsbahn will no doubt concentrate its efforts during the next few years on the renewal of the oldest track, taking into consideration of course the relative importance of such track from the point of view of traffic.

As a certain number of serious accidents have occurred during the business year 1928 strong criticisms have been voiced in the Reichstag and in the press with regard to the operating safety of the Reichsbahn.

The Committee of Enquiry into operating safety on the railway, to which reference has already been made in the chapter dealing with the position of the staff, submitted a report in September last after visiting several lines and stations in the various Districts.

Below I reproduce a translation of the most interesting passages of the report dealing with the track and structures.

> "In the course of its inspection of lines and stations the general impression gained by the Committee was that the condition of the plant was on the whole above criticism, both as regards fixed plant (structures, buildings, track) and as regards the rolling stock and the safety appliances."
>
> .....
>
> "As regards the fixed plant and in particular the superstructure of the permanent way, the Committee was able to convince itself that since the war such plant has in general been adequately adapted to the heavier axle loads. Naturally it has not yet been possible to make up all the arrears dating from the war and post-war period, but everywhere improvements have been effected so that it can legitimately be said that the fixed plant of the Reichsbahn meets all the reasonable requirements of safe operation."
>
> .....

"All the types of superstructure and their lay-out as taken over from the former Federal State Railways and at present still in use, including the various types of switches, may be regarded as guaranteeing the safety of operation insofar as their method of working is concerned."

. . . . . .

"For an industrial undertaking of the size of the German Railway Company the drawing up of a programme for the systematic renewal of plant is indispensable. A programme of the kind exists for the renewal of the permanent way, but its execution depends upon the volume of available funds. From the evidence gathered during the inspection of lines the Committee concludes that the renewals of track are not everywhere sufficient.

"It is not certain that the conditions of manufacture laid down with regard to supplies of rails entirely fulfil present requirements. Officials having experience in the maintenance of permanent way complain in general that the quality of the metal employed in the manufacture of rails is inferior to that of the old material. This difference is attributed to the fact that the process of rolling does not compress the metal to the same extent in the case of heavy cross sections as in the case of light cross sections. But it is also possible that the conditions governing the trial of rails, which are based on purely mechanical tests, no longer suffice and should be completed by conditions based upon metallographic experiments. The application of such tests in the trial of rails is already contemplated by the Company. This question should be dealt with without delay."

. . . . . .

In the opinion of the Committee of Enquiry, the general state of affairs as regards the permanent way can therefore be regarded as satisfactory; but it considers, from the experience gained during the inspection of lines, that the amount of track renewed to date is not everywhere sufficient to replace superannuated track. This statement only goes to confirm the opinion previously expressed in this report with regard to arrears of renewals—arrears for which the Company is not to blame since it has already made up a part of the arrears dating from the war and post-war period before it was itself created.

According to the figures collected by the Committee of Enquiry, out of 356 derailments recorded in 1913, 30 were due to defects in the permanent way. For the period extending from January 1925 to July 1928, the average annual number of derailments was 443, of which 85 were due to defects in the permanent way. The percentage of derailments caused by defects in the permanent way has therefore risen from 8.4% to 19.2%.

This increase is not necessarily due solely to inadequate upkeep. It may also be attributed, in part at any rate, to the constant increase of the pressure per axle. In this connection mention should be made of a report published by the Bureau of Safety of the

Instertate Commerce Commission of the United States, on the derailment of a train on October 27, 1925, on the system of the Saint Louis-San Francisco Company. The report attributes the breaking of the rail which caused the accident, to transverse fissures produced by excessive axle pressure.

The same report shows how difficult it is to discover the presence of transverse fissures in rails which are in use, as the cracks originate in the interior of the rail head and most frequently only become apparent on the surface in the form of hair breadth cracks a very short time before the fatal break.

It should be noted that since its creation the Company has adopted heavier types of rails and stronger systems of lay-out of track on all its new main lines. In addition it has increased the number of sleepers on many existing lines, and has improved rail-joints, substituted crushed stone ballast for gravel ballast, etc. Allowance has therefore been made for the increased weight of the rolling stock.

In my report No. 6 of December 2, 1927, I referred to the experiments undertaken by the Reichsbahn in the welding of rails by the alumino-thermic process. By the end of 1927 the Company had put into service experimentally 12.5 km. of track on which the rails were for the most part welded in sections of 60 m., but which also included welded sections of 80, 90, 108 and 120 m. As the results have been favourable the Company has decided to weld pairs of 15 m. rails on various main lines, and hopes to have completed the work on about 690 km of track by the end of 1928.

The Company last year laid a certain quantity of rails with an unbroken length of 30 m. Their manufacture, transportation, manipulation, installation and expansion have not caused any serious trouble. As this type of rail, which reduces the number of joints by one-half, renders the track more stable, reduces the number of jolts during the passage of trains and reduces the work of upkeep, the Company intends in the future to utilise rails measuring 30 m. with a standard cross section of 49 kg., in place of 12 and 15 m. rails on the most important lines on which the principal express trains run and also on the big bridges and in tunnels. These 30 m. rails will be laid exclusively on wooden sleepers following the system of superstructure K., with a view to increasing the comfort of passengers by greater smoothness of running and with a view to reducing the wear and tear of the permanent way and of the rolling stock. The 30 m. rails will be laid on 47 sleepers, the maximum distance between which will be 655 mm. from centre to centre while the twin sleepers for the supported joint will be only 260 mm. apart.

In the case of the 15 m. rails welded together, the existing twin sleepers under the welded joint will be replaced by twin sleepers slightly farther apart, while contiguous tie-plates will be substituted for the single large tie-plate supporting the two adjoining rails, so that the necessary space will be left for the production of the pad during the alumino-thermic welding.

Safety Appliances.

For renewals, extensions und improvements of safety appliances and of the telegraph and telephone system the Company has made provision for approximate expenditure during the business year 1928 on the lines indicated in the following table.

Nature of plant	Expenditure estimated under the operating account ℛ𝑀	Expenditure estimated under the extensions account ℛ𝑀	Total expenditure ℛ𝑀
Safety appliances.....	6,500,000	5,400,000	11,900,000
Telegraph and telephone plant	2.542.000	298.000	2.840.000
Total....	9,042,000	5,698.000	14,740,000

These sums do not include the expenditure on current upkeep, nor the sum of ℛ𝑀 12,205,000 for safety appliances and the sum of ℛ𝑀 3,147,000 for telegraph and telephone plant expended in connection with new big works.

Out of the total expenditure of ℛ𝑀 14,740,000 + ℛ𝑀 12,205,000 + ℛ𝑀 3,147,000 = ℛ𝑀 30,092,000, a sum of ℛ𝑀 11,922,000 will be charged to the operating account as expenditure for extensive upkeep (renewal), and a sum of ℛ𝑀 18,170,000 will be charged to the extensions account, viz. ℛ𝑀 13,980,000 for safety appliances and ℛ𝑀 4,190,000 for telegraph and telephone plant.

The following tables give the latest statistics for 1927 in respect of the development of interlocking and signalling plant and the installation of the block system on the Reichsbahn.

Interlocking and signalling plants.

Position at the end of the year	No. of plants in operation	No. of levers in operation
1923	16,142	255.323
1924	17,373	309,814
1925	17,721	315,421
1926	17,773	317.147
1927	17,869	323,198 *

* of which 39 415 levers are controlled by power (electric, pneumatic, electro-pneumatic and carbonic acid).

Length of lines equipped with and operated on the block system.

Position at the end of the year	Single track lines km.	Double track lines km.
1923	2,362 00	20,263.00
1924	2.588.00	20,374.00
1925	2,796.00	21,251.00
1926	2,800.00	21,336.00
1927	2,862.62	21,512.65

The automatic block system is installed on only 20 kilometers of double track line which are included in the above figures, viz. the suburban line Berlin (Potsdamer Bahnhof)–Lichterfelde Ost (9 km) and the Berlin urban or Stadtbahn line (11 km).

On these two lines, the second of which came into service in June of the present year, the track circuit is worked by an alternating single-phase current, the trains on the lines in question being operated by electricity with continuous current. On the Stadtbahn the automatic block system is combined with daylight colour signals, which are free from any mechanism operating movable parts such as signal arms or discs.

The steady development of long distance telephone circuits and of automatic central telephone exchanges during the business years 1927 and 1928 is illustrated by the following table.

Circuits and central telephone exchanges	Plant	
	put into service in 1927	probably completed in 1928
Length of long-distance telephone circuits ..... km.	4.672	650
Number of automatic telephone exchanges	22	22

During 1928 the Company has erected new signalling plant or has thoroughly reconstructed the existing signalling plant of a number of stations. In addition in various important interlocking plant, worn out frames or out of date models, which lack the technical improvements currently in use at the present day, have been replaced. Various cabins in which signals and switches were operated by hand have been replaced in several cases by electrically controlled cabins, with a view to securing technical advantages in operation or in order to effect a saving of staff. This has been achieved by the combination of several old cabins in a single new one, this combination being rendered possible by electrical operating of distant switches combined with the control and safety devices proper to this system of operating.

The following table shows the number of the most important new installations of interlocking plant in 1927 and 1928.

Type of signal box	Important interlocking plant		
	put into service in 1927	already put into service in 1928	under construction but which will not be completed in 1928
Mechanical signal boxes	34	33	1
Electrically operated signal boxes for the control of switches and signals	20	39	25
Electrically operated signal boxes with route combiners for automatic operating of points by shunted cars in classification yards	1	3	4

In the electrically operated signal boxes with the above-mentioned route combiners, the signalman with the aid of combiners prepares the successive routes for the different sets of cars of a whole train according to his shunting voucher showing the order of succession and the manner in which the train is to be split up. Subsequently when the first route has been prepared and when the first car or the first set of cars has passed over the treadle or the insulated rail, the switch shifts automatically or remains in position for the route for the next series of cars. A similar process takes place after the passage of the second and succeeding switches by the first car or cars. Consequently the route is reset for the second series of cars descending from the hump within the shortest possible interval, so that the time required for the splitting up of an entire train can be very considerably reduced. In view of the satisfactory results obtained the Company has continued the installation of this type of cabin and has already put three of these cabins into service this year in the classification yards of Dittersbach, Duisburg-Hochfeld Süd and Bremen, while work is in progress on the construction of similar cabins at Osterfeld Süd, Gelsenkirchen-Bismarck, Dresden-Friedrichstadt and Duisburg (central station).

The Company has also made great efforts during 1927 and 1928 to extend the application of the various appliances designed to prevent the over-running of signals at danger. Up to the present 93 % of the main lines have been equipped with approach indicators which announce the proximity of an advance signal, and since 1927 the installation of plant for repeating signals on locomotives and motor coaches has made great strides, as is shown by the following tables.

Length of lines equipped with apparatus for repeating signals on locomotives and motor coaches

Lines	In service at end of 1927 km	Installed during the business year 1928 km	To be in service by the end of 1928 km	In course of installation km
Lines equipped with apparatus which do not control the brakes	632	48	680	—
Lines equipped with apparatus automatically controlling the brakes	748	1 453	2 201	482
Total km	1 380	1 501	2 881	482

The Committee of Enquiry into the safe operation of the Reichsbahn, to which reference has already been made, put forward some criticisms with regard to details in the safety appliances on certain sections of the system which is now unified. The Committee

Number of locomotives and motor coaches equipped with apparatus for the repetition of signals.

Situation	Equipped with apparatus			
	which do not control brakes		which automatically controls brakes	
	locomotives	motor coaches	locomotives	motor coaches
Present number	14	—	35	—
Number contemplated for December 31, 1928	18	—	54	1055

however declares in its report that "the condition of the mechanical and electric safety appliances is in general above criticism."

Annex XI contains the statistics of accidents given by the Committee, which prove that the increased number of accidents is not generally due to the condition of the safety appliances, although recent accidents have been caused by defects in the apparatus. The importance which the Company attaches to safety appliances is apparent from the summary previously given in this report, showing the large expenditure allocated to the renewal and perfectioning of the plant. I would also mention that in order to hasten the modernisation of some out-of-date plant, the Company decided some months ago on an additional outlay of 1,700,000 *R.M* for this branch of work during the business year 1928.

New Works.

Earlier in the report, in the chapter relating to capital expenditure, I furnished tables summarising expenditure of this kind during the last few years together with the estimates for 1928.

Below are summarised the estimates for new works in the 30 Districts:

1. Construction of new lines, of tracks to supplement existing lines, and structures on various lines	54.7
2. Construction and alteration of stations, locomotive sheds and accessory installations	88.0
3. Electrification of lines	40.2
4. Construction and enlargement of repair shops for dealing with locomotives, passenger and freight cars	5.6
Total estimate	188.5.

If the general expenses are added to this amount on the one hand and the expenditure for the renewal of certain plant chargeable against the operating account is deducted on the other hand, it will be found that the actual expenditure for extensions occasioned by the big works will amount to approximately *R.M* 185 millions in 1928.

The Company has already put 217.75 km. of new lines into operation during the present business year. The following may be mentioned among those put into service since the publication of my last report dated June 1, 1928:

		District
1.	Haffkrug–Neustadt (Holstein) ...	Altona,
2.	Rössen–Zöschen	Halle,
3.	Leinfelden–Waldenbuch	Stuttgart,
4.	Verden (Aller)–Rotenburg (Hanover)	Hanover,
5.	Klosterreichenbach–Raumünzach ..	Stuttgart and Karlsruhe,
6.	Zwiesel–Bodenmais	Ratisbon,
7.	Mikultschütz–Brynnek	Oppeln,
8.	Obercunewalde–Löbau (Saxony) ..	Dresden,
9.	Neckarsteinach–Schönau b. Heidelberg	Karlsruhe,
10.	Schömberg–Rottweil	Stuttgart,
11.	Preussen–Munster (Westphalia) ..	Essen and Munster.

The new stations put into service by the Company since my last report are the goods station of Königsberg Nord (East Prussia) and the frontier station of Neumittelwalde (Breslau District). Before the end of the year the Company will probably also put into service the new passenger station serving the exhibition area in Berlin and the new passenger station of Steinbach am Wald (Nuremberg District).

In a certain number of stations important extensions or rearrangements of tracks have been but into service since June, or will be put into service at the end of the current business year: in the passenger stations at Charlottenburg, Glauchau, Munich East and Brugge, in the rolling stock depot station at Liegnitz, in the goods station at Saalfeld, and in the classification yards of Tempelhof, Halle (Saale), Erfurt, Bremen, Gesecke and Duisburg–Hochfeld Süd.

In my report N° 4 of November 20, 1926 I referred to the position on the Reichsbahn with regard to the mechanical braking of shunted cars in the classification yards. The development of this plant is illustrated by the table on page 157.

Among the works of electrification the chief place is occupied by the electrification of the Berlin Stadtbahn, Ringbahn and Suburban lines, the position of which will be discussed subsequently in a special chapter.

Among the extensions and improvements to the repair shops for rolling stock, the following may be mentioned as having been completed (arranged in the order of the expenditure to be devoted thereto during the business year 1928):

at Freymann (Munich) to the shops formerly owned by the Neumeyer Werke, purchased a few years ago by the Reichsbahn,
at Dessau (to the repair shop for electric locomotives),
at Brunswick, Brandenburg, Schweidnitz and Ingolstadt.

Classification Yards	Installation of mechanical braking of cars in the classification yards				
	in service at the end of 1927		probably in service at the end of 1928		
	brakes worked by		brakes worked by		
	hydraulic pressure	compressed air	hydraulic pressure	compressed air	electricity (1)
Cologne-Nippes	1(2)	—	—	—	—
Seddin	1	—	—	—	—
Hamm	4	—	—	—	—
Wustermark	—	1	—	—	—
Arnsdorf-Liegnitz	—	1	—	—	—
Duisburg-Hochfeld Süd	—	—	5	—	—
Bremen	—	—	4	—	—
Magdeburg-Buckau	—	—	—	1	4

(1) By Foucault currents.
(2) Two twin brakes situated one immediately behind the other.

Structures.

The construction, renewal and strengthening of the structures, a part of which is executed by means of the funds assigned to the big works of the 30 Districts, will necessitate a total expenditure (including the general expenses) estimated by the Company at ℛℳ 92,023,000 for the business year 1928. This expenditure will be covered to an amount of ℛℳ 3,451,000 by means of loans from third parties, while of the balance ℛℳ 27,176,000 is charged to the operating account and ℛℳ 61,396,000 to the extensions account.

The ℛℳ 92,023,000 of expenditure is distributed as follows according to the nature of the work:

Subways and overhead crossings	41,094,000 ℛℳ
Bridges and culverts	39,428,000 »
Tunnels	6,773,000 »
Station roofs	4,728,000 »
	92,023,000 ℛℳ.

Among the new big structures put into service or to be completed by the end of the year may be mentioned those which appear in the table on page 158 may be mentioned.

In my last report I mentioned that the completion of the works in course of execution or just begun would still require a total expenditure roughly estimated by the Company at ℛℳ 1 milliard as from the beginning of 1928. At the end of the year this expenditure will be reduced to 1 000 — 185 = 815 millions of marks approximately. A large number of these works were begun prior

to the creation of the Company. Some of these works were necessitated by the new delimitation of the frontiers, which modified some of the currents of transport and the purpose fulfilled by certain stations and other plant.

Nature of work	Approximate length in meters	Approximate expenditure (not including general expenses)	
		Estimated for 1928 ℛ.ℳ	Total ℛ.ℳ
Bridges already in service in 1928			
Bridge across the Main at Niederrad	222	170 000	763 300
Viaduct across the gorge at Ravenna	220	91 000	1 778 000
Bridge across the Oder near Oppeln	178	280 000	1 379 000
Bridges which will be completed by the end of 1928			
Bridge across the Lahn near Arfurt	117	480 000	550 000
Bridge across the Moselle near Bullay	300	1 800 000	2 220 000
Bridge across the Danube near Sigmaringen	104	180 000	330 000
No. 10 bridge at the new station at Königsberg	2 × 112	440 000	931 000

Amongst the new works undertaken by the Company in order to meet traffic requirements and the interests of the community mention may be made of the electrification of the Berlin urban and suburban lines begun in 1926, and of the construction of a quadruple track on the Cologne–Dusseldorf and Halle–Weissenfels lines, begun this year.

As I have already explained in this report, the Reichsbahn has difficulty in procuring the necessary funds for its expenditure on capital account and a large proportion of such expenditure has to be covered out of the operating surpluses.

With a view to economising, the Company has thought it advisable to re-examine the schemes of big works either proposed or in course of execution, and to adjust the extent of such works more closely to the actual requirements of the service. As a large number of these schemes were drawn up several years ago on a lavish scale in the expectation of a great increase of traffic during a long period, it has been possible to cut down the estimates and to reduce them from 815 million ℛ.ℳ to about 560 millions, this being the amount still to be expended at the beginning of 1929 for the completion of the big works in question.

These works are however only a part of the extensions to be undertaken. For extensions as a whole, the Company (as has already been stated in the chapter of this report dealing with the financing

of capital expenditure) has drawn up a general programme covering the period 1929 to 1936 with an estimated total cost of 2,572 million *RM*.

The most important item in this programme is the renewal of track, for which the outlay will amount to 709 million *RM*. This sum will cover in the first place the supplementary expenditure for the strengthening of track which will be carried out in the course of the normal renewals (heavier rails and metal sleepers, larger number of sleepers, more costly system of attaching rails etc., ballast of better quality, etc.). In addition the above sum will cover the whole of the expenditure provided for the exceptional renewal of 5,900 km. of track, which the Company hopes to undertake in order to make up a large part of the arrears dating from the war and the inflation.

I have previously explained that the Company is not responsible for this state of affairs and that it has already made up part of the arrears with which it was confronted when it took over the operation of the railway.

It is proposed to undertake the exceptional renewal of the 5,900 km. mentioned above at the rate of 400 km. per annum in 1929 and 1930, 600 km. in 1931, and 900 km. per annum from 1932 to 1936 inclusive. It is even to be hoped that the Company will be able to increase the volume of renewals to a certain extent during the next few years, either by taking advantage of a possible increase of receipts, or by reducing the less urgent expenditure on objects less directly connected with operating safety.

For the period 1929 to 1936 the programme of extensions also provides for a total expenditure of 433 million *RM* on rolling stock, in particular for the various improvements to be introduced, with which I have dealt in detail in my report No. 7 of June 1, 1928, under the heading of "Special programme for improvements to rolling stock."

An expenditure of 256 millions is provided for numerous extensions with an individual cost of less than 100,000 *RM*, which are to be made to the permanent way and its accessory plant, to the locomotive sheds, to the plant for dealing with fuel, with the water supply, the production of gas or electricity, etc. For the strengthening of metal bridges the Company has provided for 95 millions of expenditure on extensions. The development of the safety appliances, which comprises important extensions in the installations for repeating signals on locomotives and motor coaches with the object of preventing the overrunning of signals at danger, will cost approximately 97 million *RM*.

It remains for me to furnish a few details with regard to the big works which the Company proposes to undertake during 1929.

The first following table shows the expenditure which the Company proposes to incur according to the nature of the work

The works under each category entailing the greatest expenditure during 1929 are enumerated in the second following table.

Nature of work	Estimated expenditure during 1929 (in 1,000 ℛ.ℳ)		
	Works already begun	New works	Total
1. Construction of new lines and laying of additional tracks on existing lines	40,447	550	40,997
2. Construction and alteration of stations, locomotive sheds and service buildings	70,771	6,470	77,241
3. Electrification of lines	8,092	1,790	9,882
4. Construction and alteration of repair shops for locomotives, cars, trucks, and permanent way apparatus	4,880	—	4,880
Total	124,190	8,810	133,000

Principal works	District	Expenditure in 1929 in 1000 ℛ.ℳ
1a. New lines under construction		
Hamburg (avoiding line)	Altona	4,827
Witten—Barmen	Elberfeld	2,500
Borna—Grossbothen	Dresden	2,400
Eisenberg—Enkenbach	Ludwigshafen	2,300
Stettin (avoiding line)	Stettin	1,800
1b. Additional tracks on existing lines		
Halle—Weissenfels (3rd and 4th track)	Halle	4,200
Cologne—Duisburg (3rd and 4th track)	Elberfeld Cologne	3,100 1,000
Hamm—Wunstorf (3rd and 4th track)	Hannover	1,420
Osterburken—Stuttgart—Rottweil—Tuttlingen—Hattingen (2nd track)	Stuttgart	5,520
2. Enlargement and alteration of stations		
Berlin—Tempelhof (classification yard)	Berlin	1,500
Liegnitz	Breslau	2,248
Dresden—Friedrichstadt (classification yard)	Dresden	1,200
Zwickau	Dresden	4,350
Düsseldorf	Elberfeld	6,400
Duisburg	Essen	1,500
Oberhausen	Essen	1,200
Osterfeld Süd	Essen	1,722
Bremen	Hannover	1,200
Freiburg (Breisgau)	Karlsruhe	2,000
Königsberg (East Prussia) [including adjoining tracks]	Königsberg	4,500
Magdeburg-Buckau (classification yard)	Magdeburg	1,550
Münster (Westphalia)	Münster	3,000
Beuthen	Oppeln	1,666
Friedrichshafen	Stuttgart	1,420
3. Electrification of lines		
Stadtbahn, Ringbahn and suburban lines of Berlin	Berlin	3,047
Kaulsdorf—Mahlsdorf	Berlin	1,815
Nannhofen—Augsburg	Munich	1,600
4. Construction and enlargement of repair shops		
Dessau (electric locomotives)	Dresden	2,500
Freimann	Munich	1,750

Among the new works to be begun in 1929 are the reconstruction of the Dresden-Altstadt goods station and the electrification of the Nannhofen–Augsburg line, the total cost of which is estimated at 4,000,000 ℛℳ and 2,550,000 ℛℳ respectively, the expenditure estimated for 1929 being 300,000 ℛℳ and 1,600,000 ℛℳ respectively.

ELECTRIFICATION.

Electrification of main lines.

Since the publication of my last report no fresh electrification of main lines has taken place. Only a short section of line in the suburbs of Breslau was opened for electric traction and put into service on June 27, 1928 (the avoiding line Breslau Freiburger Bahnhof–Mochbern–Gross Mochbern).

The Company however proposes shortly to institute electric traction in Bavaria on the Nannhofen–Augsburg section (31 km) of the main line from Munich to Augsburg, which is now only electrified as far as Nannhofen. The proposal is due to the fact that the express trains and the majority of the goods trains run without a stop between Munich and Augsburg, and have therefore to be hauled the whole way by steam locomotives; secondly, as there is only one siding at Nannhofen, the exchange of electric for steam locomotives and vice versa seriously impedes the service.

The electrification of the Nannhofen–Augsburg section will only cost approximately 2.55 millions ℛℳ, for it will not be necessary to erect current feeders or transforming sub-stations, and the rolling stock already available in Bavaria is sufficient for the electric operation of the entire Munich-Augsburg line.

Electrification of the Berlin urban and suburban lines.

The electrification of the above lines, the programme for which was analysed in my report No. 4 of November 20, 1926, is practically completed.

The line from Spandau-West to Cöpenick has been operated entirely by electric trains since August 23, and the lines Erkner–Potsdam, Friedrichshagen–Grunewald and Wannsee–Stahnsdorf since October 7. As all these lines are served by trains running from terminus to terminus, the central or so-called Stadtbahn line (which forms a section common to the first three above-mentioned lines) is already utilised by a large number of electric trains.

The Company expects further that the line Kaulsdorf–Stadtbahn–Südring–Grünau, partially operated by electric trains since November 6, will be completely electrified by December 15 of the current year.

All the lines, except the new line under construction from Jungfernheide to Gartenfeld, will be completely electrified on April 15 1929, while the last mentioned line will probably be electrified by the end of 1929.

The following table indicates the electric rolling stock available on November 1 and that expected to be available on December 31 1928.

Electric vehicles	Number	
	on November 1, 1928	on December 31, 1928
Electric train sections comprising 2 vehicles	32	44
» » » » 4 »	5	5
» » » » 6 »	5	30
» » » » 8 »	24	24
Motor coaches	153	240
Trailers with driver's cabin	153	240

The expenditure estimated for the electrification of the aforesaid lines during the business year 1928 is as follows:

Purchase and electrical equipment of rolling stock	44.60
Fixed installations and miscellaneous works for electrification	29.95
Total (in million *RM*)	74.55

The expenditure still to be incurred as from January 1 1929 for the completion of the electrification is estimated at 25 617 millions *RM* and the total cost of the work at 184 887 millions *RM*.

When all the lines are electrically operated there will be in service 492 motor coaches, 389 trailers with driver's cabin and 80 trailers without driver's cabin, with a total cost of approximately 89 millions *RM*.

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ROLLING STOCK.

Orders and deliveries during 1928.

In my last report I stated that the Company had limited the sum set aside for the payment of deliveries of rolling stock in 1928 to 200 millions *RM*. In addition provision was made for a sum of 10 millions *RM* as a first payment for the order of motor coaches and trailers intended for the Berlin urban lines. To these

sums was added a balance of 17.3 millions ℛℳ from the business year 1927, so that the outlay in 1928 will probably amount to 227.3 millions ℛℳ, of which 116.4 millions ℛℳ will serve to cover the balance outstanding in respect of orders placed prior to the business year 1928 and still awaiting delivery on January 1 last.

Probable expenditure in 1928 on orders of rolling stock and shipping

(in millions of Reichsmarks)

Nature of material	Orders placed prior to the business year 1928		Orders for the business year 1928		Probable total expenditure in 1928
	Material still to be delivered on Jan. 1, 1928	Sums still to be paid	Material ordered	Sums payable	
Steam driven locomotives	374	22.6	101	10.9	33.5
Electrically driven locomotives	97	17.5	5	1.3	18.8
Motor coaches and trailers	807	42.7	44	12.9	55.6
Passenger cars	1,015	23.0	1,029	34.3	57.3
Baggage cars	45	0.6	111	3.9	4.5
Freight and service cars	2,977	9.7	9,253	46.8	56.5
Ships	1	0.3	5	0.8	1.1
Total		116.4		110.9	227.3

The number of steam locomotives still remaining to be delivered on January 1 last in respect of orders placed prior to the business year 1928, viz. 374, appears very high when it is remembered that 379 normal gauge steam locomotives only have been supplied from the creation of the Company until December 31, 1927. There are however two reasons for this: in the first place the locomotives ordered during the last few years are for the most part new standard types, which are being constructed for the first time, and their completion has taken longer than was originally expected when the orders were placed; secondly the Company has not pressed for the more rapid completion of locomotives under construction where there was no urgent need for delivery.

By September 30 the Company had received since the beginning of the year, in respect of orders placed prior to 1928, the following rolling stock: 299 steam locomotives, 17 electric locomotives, 428 motor coaches and trailers, 812 passenger cars, 35 baggage cars and 2,888 freight and service cars.

At the end of 1928 the position of rolling stock park and shipping will probably have changed by comparison with 1927 in the way shown by the following statement.

Deliveries and probable retirements during 1928.

Category	Retirements	Deliveries
Steam driven locomotives	900	430
Electrically driven locomotives	5	62
Motor coaches current-fed by over-head wire or third rail	5	375
Motor coaches producing their own power	1	13
Trailers	5	368
Passenger cars	850	1 994
Baggage cars	220	136
Freight cars	15,000	12,097
Service cars	350	133
Ships	1	3

Present position of rolling stock.

Before examining the rolling stock requirements it is interesting to compare the numbers in 1914 and in 1927 and to consider the average age of the material and the proportion of rolling stock over 25 or 30 years of age in the two years under consideration. The following three tables furnish such a comparison.

I. Normal gauge rolling stock park at the end of the business years 1914 and 1927, on the present system.

Category	Park	
	seven of the State systems on March 31, 1914	of the Reichsbahn on December 31, 1927
Steam driven locomotives	25,266	24,308
Electrically driven locomotives	17	314
Motor coaches	388	581
Passenger cars	57,441	62,041
Baggage cars	15.574	20,822
Freight cars	552.367	657,266
Service cars	3,631	9,981

Note. Annex XII contains a detailed analysis of the principal categories of rolling stock at the end of December 1927.

II. Average age of rolling stock.

Category	On the Prussian-Hessian system on March 31, 1914	On the Reichsbahn on December 31, 1927
	Years	Years
Steam driven locomotives	10.88(1)	12.49
Passenger cars	12.55	18.14
Baggage cars	11.96	15.22
Freight cars	13.68	13.70
Service cars	—	27.16

(1) The average age of locomotives on the Reichsbahn system was 12.09 years on March 31, 1914.

III. Proportion of rolling stock over 25 years of age on the Prussian-Hessian State system on March 31, 1914 and on the Reichsbahn as at December 31, 1917.

Category	Date	25 years and over	30 years and over	40 years and over	50 years and over
		per cent			
Steam driven locomotives	March 31, 1914	6.22	1.40	0.005	—
	Dec. 31, 1927	7.74	2.53	0.28	0.02
Passenger cars	March 31, 1914	13.39	7.31	1.64	0.02
	Dec. 31, 1927	26.42	15.63	3.94	1.32
Freight cars	March 31, 1914	16.21	10.88	4.64	0.14
	Dec. 31, 1927	15.98	9.42	1.88	0.72
Baggage cars	March 31, 1914	11.92	6.88	2.87	0.38
	Dec. 31, 1927	19.01	10.99	1.81	0.30
Service cars	Dec. 31, 1927	60.03	50.32	22.09	9.84

It will be seen that in general the rolling stock is older than before the war. This is the case more particularly with passenger cars, whereas the age of freight cars has remained appreciably the same and the average age of locomotives has only increased by about 3 %. Nevertheless the position of the Reichsbahn appears to be better than that of the British companies for example, where the average age is 25.5 years for locomotives, 24 years for passenger cars and 17 years for freight cars.

The average age of retired rolling stock of the German railways before and after the war and the British railways is as follows.

Category	German railways		British railways in 1926
	State systems from 1910 to 1914	Reichsbahn in 1927	
	Years	Years	Years
Steam driven locomotives	27.2	26.4	39.68
Passenger cars	37.9	44.6	39.92
Baggage cars	35.5	37.1	34.41
Freight cars	35.0	29.8	30.09
Service cars	29.2	46.3	34.34

A comparison of the proportion of locomotives over 25 years of age, and of the passenger and freight cars over 35 years of age on the Reichsbahn, the Paris-Lyon-Méditerranée system and the Great Western Railway yields the following percentages.

Category	Reichsbahn %	P.-L.-M. %	Great Western %
Locomotives over 25 years old	7.7	23	56
Passenger cars over 35 years old...	8.6	18	31
Freight cars over 35 years old	4.5	38	19

From the above it is apparent that the position as regards the age of rolling stock is very much more favourable in Germany than in France and in Great Britain. This is no doubt due to the fact that before the war and particularly during the post-war years and until very recently the German railways have placed orders for new rolling stock and scrapped old material on a very large scale. A large part of the new material has moreover been paid for under extraordinary budget (extension account). The financial position of the Reichsbahn today necessitates a policy of economy similar to that of foreign railways.

If the rolling stock park of the Company is compared with normal operating requirements, it will be found that there is still a surplus of about 1,800 steam locomotives and 30,000 freight cars. On the other hand there is a shortage of about 500 baggage cars and 3,000 passenger cars for the regular composition of trains.

The Company has accordingly decided to devote the major part of the funds at its disposal for orders in 1929 to the acquisition of passenger and baggage cars, while restricting purchases of locomotives and freight cars to the indispensable requirements.

Programme of orders for the business year 1929.

In its Memorandum to the Government in support of the application for a tariff increase, the Company estimated the cost of rolling stock orders during the next few years at ℛ*M* 285 millions, as I stated in my last report. In view of the financial position and taking into account the surplus material still available, the Company has restricted its programme for 1929 to ℛ*M* 227 millions. The Management has already granted 123.9 millions, which will serve to cover the payments maturing during the first half-year. This programme is summarised in table on page 91.

To the total of ℛ*M* 227 millions provided for the 1929 programme will be added a sum of 17 millions remaining to be paid in respect of previous years, so that the actual expenditure in 1929 will probably amount to ℛ*M* 244 millions, chargeable to the operating account, as against ℛ*M* 227.3 millions in 1928 and 202.04 millions in 1927.

In 1927 the Company devoted 111 millions, or about 55 per cent of the total sum allotted, to the purchase of freight cars and 27 millions, or about 13 per cent to the acquisition of passenger cars. In 1929 on the other hand first place will be given to the replacement of passenger cars, which will absorb 157 millions or 69 per cent of

the total allotment, while the replacement of freight cars will cost only 20 millions or 9 per cent of the sum allotted. As I have already stated, the Company disposes of a surplus of freight cars while passenger cars are insufficient in number.

Programme of orders of rolling stock and shipping for the business year 1929.

Nature of Material	1st half-year		2nd half-year		Whole year	
	Number	Cost	Number	Cost	Number	Cost
Steam driven locomotives ..	23	2,170,000	—	—	23	2,170,000
Electrically driven locomotives	4	850,000 [1]	2	1,150,000 [2]	6	2,000,000
Motor coaches and trailers...	329	24,400,000	11	1,850,000	340	26,250,000 [3]
Passenger cars	1,507	70,360,000	1,435	86,660,000	2,942	157,020,000
Baggage cars ..	327	13,050,000	173	5,070,000	500	18,120,000
Freight cars ...	462	7,890,000	650	7,180,000	1,112	15,070,000
Service cars ...	458	5,200,000	1	170,000	459	5,370,000
Ships	—	—	3	1,000,000 [4]	3	1,000,000
Total		123,920,000		103,080,000		227,000,000

[1] First instalment on a total payment of RM 1,460,000.
[2] Including the second instalment for the four locomotives of the first half-year.
[3] Comprising RM 24,000,000 representing the balance for 325 motor coaches and trailers for the Stadtbahn, RM 1,850,000 for seven Diesel motor coaches and four motor coaches with accumulators, and RM 400,000 for four cars for inspecting over-head wires (Bavaria).
[4] Including RM 400,000 representing the first instalment on a total payment of RM 800,000 for a ship to carry 1000 passengers (Bavaria).

The 1,507 passenger cars ordered for the first half of 1929 comprise:

12 cars with bogies, light type, for express trains in Bavaria (Munich–Garmisch–Mittenwald),
250 cars with bogies for express trains,
1,047 cars with two axles for slow and through trains,
163 light cars for local or suburban lines,
25 cars for the 0m. 75 track,
10 prison cars.

The first result of the reclassification of passenger traffic has been a great increase in the number of 2nd class passengers. The Company therefore increased the proportion of 2nd class cars in its orders for the first half-year.

For the second half of 1929 the programme of orders cannot be definitively established until more experience has been gained as to the effect of the new classification on the utilisation of cars. For the present provision is made for ordering 123 3rd class cars with two axles and 1,312 cars with four axles of the new standard type for the 2nd, 2nd/3rd and 3rd classes.

The reform of classes has not only necessitated the revision of the original programme of passenger car orders for 1929, but has also involved modifications in the equipment of the existing cars. In the first place the 4th class cars have to be transformed into 3rd class cars, and secondly temporary upholstery has to be introduced into a certain number of 3rd class cars which have provisionally to serve as 2nd class cars pending the delivery of the 2nd class cars under construction. An estimated expenditure of ℛ𝑀 1.725,000 will have to be incurred for initial transformations in 1928. The reconstruction to be undertaken as from 1929 refers primarily to the introduction of window curtains and benches in about 9,000 old 4th class cars. This work will be carried out in the Company's shops at a total cost of about ℛ𝑀 19 millions, of which 5 millions are to be charged to the 1929 budget, and will allow of the transformation of approximately 2.300 cars.

In the case of baggage cars the order of 500 new cars for 1929 will allow of the substitution of suitably lighted, heated and equipped cars for the freight cars at present employed for the transport of express parcels (a branch of transport which is rapidly developing).

The total number of freight cars has increased by 19 per cent from 1913 to 1927 while their gross loading capacity has risen by 33 per cent. On the other hand the goods tonnage transported has increased by only 9 per cent although the mean distance of transport has increased by 20 per cent.

This means that the growth of the car park has outstripped the development of traffic. As a matter of fact this park made it possible not only to meet normal traffic requirements in 1927 without difficulty, but also to satisfy the exceptional requirements at the peak of autumn traffic. As I have already stated, the Company estimates that the material available still exceeds present requirements.

But if the car park as a whole is more than sufficient, urgent requirements have to be met in certain individual cases. For this reason the Company intends in 1929 to purchase 200 large capacity open cars and 300 cars for rails with four axles (with a length of 18 meters available for loading) which are urgently required by the metal industry, in addition to 500 covered cars of large dimensions, 4 milk vans, 8 automatically discharged Talbot cars and 100 narrow gauge cars.

The Company has also thought it advisable to order 459 service cars including 300 ballast cars and 7 travelling cranes for the construction of track and for the laying of switches. A large number of renewals of track will in fact have to be carried out during the next few years and these cars will be very useful for the rapid and economical execution of these works. In addition a certain number of special cars will be ordered: trans-shipment

trucks, gas cars, boiler cars for the heating of trains, 15 cars for calibrating weighing machines, etc.

Provision is made for ordering 6 electric locomotives, 2 for express passenger trains and 4 for goods trains, which will replace out of date types in the Halle and Magdeburg Districts.

The 1929 programme also includes 160 motor coaches and 165 trailers for the Berlin Stadtbahn. It further includes 11 motor coaches, 7 equipped with Diesel motors and 4 with accumulators, intended for service on the lines with little traffic to compete with motor transport.

In 1929 the Company only proposes to order 23 steam locomotives of which 13 will be specially constructed types (8 for the narrow gauge Saxon lines and 5 for local lines in Bavaria). In addition 10 passenger tank locomotives have been ordered in East Prussia. The last order appears to have been inspired primarily by the desire to assist industry in that province.

Apart from these special orders the Company has abstained from ordering any locomotives for 1929. This is due to the fact that the Reichsbahn is overstocked with locomotives, the excess being estimated at about 1,800, while as from January 1 the Company has still to receive 45 new locomotives in virtue of previous orders.

During the last few months locomotive builders have raised a great outcry in the press with regard to the small orders issued by the Company. At the beginning of August a group (Arbeitsgemeinschaft) formed by the Borsig, Henschel, Maffei and Schwartzkopff works, which alone represent 40 per cent of the German locomotive works, addressed a petition to the Government requesting namely the allocation of a grant of *R.M* 50 millions to the Reichsbahn until the end of 1929 for orders for locomotives. The Government refused to comply.

The precarious position in which German locomotive builders find themselves, compelling them to adopt measures of rationalisation and to amalgamate their interests in the same way as the car builders (this was the reason for the recent agreements between Henschel & Sohn, Wolf-Buckau & Maffei, and Borsig with Stettiner Vulcan) is not confined to Germany. It is characteristic of most countries, the reason being that the railways are now able to operate with a smaller number of steam locomotives than formerly for several reasons: viz. the increased power of modern locomotives and the heavier weight of trains, the better organisation of services, the reduction of the period of inactivity in the repair shops, the electrification of many lines, the use of motor coaches for light trains, etc.

On the Reichsbahn in particular the number of serviceable locomotives in 1927 viz. 19,000 was roughly 10 per cent smaller than in 1913, while the number of locomotive-kilometers has declined by only 7.4 per cent. The decline of 11 per cent in the number of train-kilometers in passenger traffic by comparison with the

pre-war years has entailed an economy of about 1000 locomotives. Another saving, estimated by the Company at 500 or 1,000 locomotives, has resulted from the 50 per cent increase in the speed of goods trains following the installation of the continuous brake.

Before the war the German railways counted upon an annual increase of traffic of 6 to 7 per cent; for this reason the locomotive park was increased each year by 4 to 5 per cent. But in future years, owing to the construction of new canals, the competition of motor transport and the development of aviation, an equivalent increase of traffic is no longer to be expected.

It should also be noted that the number of firms occupied wholly or in part in the construction of locomotives has risen from 18 in 1913 to 21 after the war and still numbers 20. In addition the capacity of the firms in question has much increased and the largest of the works is probably able at the present day to build from 50 to 70 locomotives a month, whereas the sales of the entire German locomotive industry do not appear to exceed about 500 locomotives per annum. Locomotive building was greatly stimulated after 1918 by wholesale exports facilitated by the inflation (1,890 locomotives were exported from Germany in 1922 and 647 in 1923) and above all by the large orders placed by the Reich. In 1920 2,117 normal gauge locomotives were delivered to the Reichsbahn, followed by 1,804 in 1921, 1,627 in 1922 and 1,018 in 1923. After a period of exceptional prosperity the locomotive builders are now suffering from the very marked decline of exports and the almost entire absence of orders for the Reichsbahn. It is however impossible for the Company to assist them, no matter how much it might desire to do so, by ordering locomotives which it does not really need for several years. Moreover such orders would swell the budget at the present day whereas the Company has to meet other real needs, for instance the completion of the passenger rolling stock park and the renewal of the permanent way.

Nor can the Company be reproached for retaining a larger proportion of old types of locomotive in service than before the war. Although the average age in 1927 is slightly higher than it was in 1913, the number and proportion of locomotives withdrawn from service in each year since October 1, 1924 is very much higher than formerly on the seven railway systems of the German States.

Railways of the German States			German Railway Company		
Business Year	Number of normal gauge locomotives withdrawn from service	Percentage of total number	Business Year	Number of normal gauge locomotives withdrawn from service	Percentage of total number
1910	618	2.48	1925 (15 months)	2,463	8.38
1911	570	2.25	1926	1,696	6.26
1912	549	2.12	1927	1,141	4.50
1913	518	1.95	1928 (estimates)	900	4.34

From the above information it will be seen that the position in regard to locomotives is satisfactory on the whole and that the total number available is ample for present requirements. It is true however that in the case of certain special categories it would be desirable to complete the park so that the locomotives available may be best suited to the service for which they are required; but there is no immediate necessity in this respect and the Company can satisfy its requirements by degrees in its orders of rolling stock in future years.

Gaston LEVERVE

Commissioner for the German Railways.

Annex 1.

Managing Board of the German Railway Company.

Messrs. C. F. von Siemens, Chairman.
C. Stieler, Vice-Chairman.
M. Margot, Vice-Chairman.
A. von Batocki.
C. Bergmann.
G. Bianchini.
O. Blum.
W. Buck.
D. Fischer.
P. Habich.
V. von Hertel.
J. Jadot.
P. Klöckner.
H. Luther.
H. O. Mance.
O. von Miller.
H. Münchmeyer.
F. Ott.

Commissioner for the German Railway Company:
M. G. Leverve.

Trustee for the German Railway Bonds:
M. L. Delacroix.

General Management of the German Railway Company.

Messrs. Dorpmüller, General Manager.
Weirauch, Assistant General Manager and Staff Manager.
Vogt, Traffic and Rates Manager.
Kumbier, Manager of the Operating and Permanent Way Department.
von Frank, Manager of the Bavarian Administrative Group.
Anger, Manager of the Engine Department (workshops and rolling-stock).
Jahn, Manager of the Accounting and Legal Departments.
Wolf, Manager of the Administrative Departments.
Hammer, Manager of the Supplies Department.

Annex II.

Service of Reparation Bonds.

Date	Gold Marks[1]	Reichsmarks[2]	Business year of the Company
First reparation year:			
Total....	200.000.000	199,892,419.82	Business year 1925
Second reparation year:			
Total....	595,000,000	586,512,850.67	
Third reparation year:			
October 1, 1926	45,000,000	43,771,356.00	Business year 1926
November 1, 1926	45,000,000	44,037,622.65	
December 1, 1926.....	45,000,000	44,301,559.66	
January 3, 1927	45,000,000	44,422,596.67	
February 1, 1927	45,000,000	44,873,737.87	
March 1, 1927.....	45,000,000	50,074,550.00	
April 1, 1927.....	45,000,000	39,115,030.20	
May 2, 1927	45,000,000	44,234,406.65	
June 1, 1927.....	45,000,000	44,484,655.76	
July 1, 1927	45,000,000	44,668,988.46	Business year 1927
August 1, 1927	45,000,000	44,748,745.30	
September 1, 1927	55.000.000	54.985.095.00	
Total.....	550,000,000	543,718,344.22	
Fourth reparation year:			
October 1, 1927	55,000,000	53,858,526.23	
November 1, 1927	55,000,000	53,971,773.63	
December 1, 1927.....	55.000.000	54,315,254.38	
January 2, 1928	55.000.000	54,562,119.51	
February 1, 1928	55,000,000	54,837,856.20	
March 1, 1928.....	55,000,000	55,003,960.00	
April 2, 1928	55,000,000	53,769,646.25	
May 1, 1928	55,000,000	53,991,672.87	
June 1, 1928.....	55,000,000	54,156,381.03	
July 2, 1928	55,000,000	54,403,138.39	Business year 1928
August 1, 1928.....	55,000,000	54,525,326.73	
September 1, 1928.....	55.000.000	54,799,360.00	
Total....	660,000,000	652,195,015.22	
Fifth reparation year:			
October 1, 1928	55,000,000	53,440,523.71	
November 1, 1928	55,000,000	53,734,011.41	
December 1, 1928	55,000,000	53,992,482.12	
etc.	etc.		

[1] Amounts due from the Company, without deduction for the discount on advance payments in respect of the semi-annual instalments provided for in § 8 of the statutes of the Railway Company.

[2] Amounts paid by the Company, taking into account the conversion from gold marks into reichsmarks and the discount allowed to the Company for advance payments. This discount has been calculated at the rate of 6 per cent for the first three reparation years and at the rate of 5 per cent for the fourth year; it is fixed at 6 per cent for the fifth year.

Annex III.

Payment of the Transport Tax.

First reparation year

The Company paid the whole of the proceeds of the tax to the Reich.

Second reparation year

Payments of the Company for reparation account:

13 monthly payments spread over the period September 21, 1925, to September 15, 1926
total value in gold marks 250.000,000.00

Total proceeds of the tax (in reichsmarks)..... 271,486,419.23

Third reparation year

Payments of the Reich on reparation account:

12 monthly payments of 22,500.000 00 gold marks spread over the period September 25, 1926, to August 25, 1927

a thirteenth payment of 20.000,000.00 gold marks on September 15, 1927
total value in gold marks 290,000,000.00

Payment each month by the Company to the Reich of the actual proceeds of the tax, totalling (in reichsmarks)..... 300,376,976.68

Fourt reparation year

Payments of the Company to the Reich		Payments of the Reich on reparation account		
Date	Amount in reichsmarks	Date	Amount in reichsmarks	Value in gold marks
October 21, 1927.	26.998.288.77	October 15, 1927..	24,148,817.97	24,166,000
November 21,1927	26,773.722.35	November 15, 1927	24,166.635.15	24,166,000
December 21. 1927	23,344,411.63	December 15, 1927	24,194,950.87	24,166,000
January 21, 1928	24,046.298.98	January 16, 1928..	24,222.161.78	24.166,000
February 21, 1928	23,961,422.25	February 15, 1928.	24,186,661.93	24,166,000
March 21, 1928 ..	22.489,372.33	March 15, 1928...	24,138,160.77	24,166,000
April 21, 1928 ...	25,873,736.94	April 16, 1928....	24,147,633.84	24,166.000
May 21, 1928....	24,848.015.91	May 15, 1928	24,128,681.70	24,166,000
June 21, 1928....	26,933,572.19	June 15, 1928	24,139,272.40	24,166,000
July 21, 1928	28,310,192.07	July 15, 1928	24,102,460 90	24,166,000
August 21, 1928..	29,774,107.14	August 15, 1928 ..	24,108,581.58	24,166,000
September21.1928	30,303,196.27	September 21, 1928	24,085,208.90	24,174.000
October 22, 1928.	375,187.37			
November 22,1928	422,300.18			
Total	314,454,424.38	Total	289,763,433.80	290,000,000

Fifth reparation year

Payments of the Company to the Reich		Payments of the Reich on reparation account		
Date	Amount in reichsmarks	Date	Amount in reichsmarks	Value in gold marks
October 22, 1928..	28,661,464.85	October 15, 1928 .	24,121,088.33	24,166.666.66
November 22, 1928	27,724,417.45	November 15, 1928	24,083,219.16	24,166.666.66
etc.		etc.		

Annex IV.

Balance Sheet of the Verkehrs-Kredit-Bank as at the close of the business year 1927–28.

Assets	Reichsmarks	Liabilities	Reichsmarks
Cash in hand, foreign exchange and balances with banks of issue and discount banks	12,033,548.62	Share capital	4,000,000.00
Bank balances	225,155,222.84	Ordinary reserve	1,400,000.00
Investments	3,878,822.93	Guarantee reserve for credits allowed in connection with transportation charges	1,500,000.00
Bills	100,270,782.25	Employees relief fund	300,000.00
Inventory	20,000.00	Creditors	377,257,365.34
Debtors:		Temporary accounts	15,852,271.62
covered 43,461,357.03		Profit and loss account	1,370,344.00
uncovered 16,360,247.29	59,821,604.32		
Land	500,000.00		
Total	401,679,980.96	Total	401,679,980.96

Profit and Loss account of the Verkehrs-Kredit-Bank for the business year July 1, 1926, to June 30, 1927.

Debit	Reichsmarks	Credit	Reichsmarks
General expenditure	2,410,868.98	Brought forward from the business year 1925–26	191,676.00
Net profit	1,370,344.00	Profit on credits allowed in connection with transportation charges	882,546.86
		Interest	2,260,429.28
		Commission	446,560.84
Total	3,781,212.98	Total	3,781,212.98

Berlin, September 1928.

Deutsche Verkehrs-Kredit-Bank A.-G.
The Management:
(signed) *Prerauer v. Schaewen Schlesinger*

Annex V.

Balance Sheet of the Mitropa as at the close of the business year 1926—27.

Assets	Reichsmarks	Liabilities	Reichsmarks
Rolling stock.....	11,392,000.—	Share capital: ordinary shares ... 9,600,000	
Equipment of cars....	192,000.—	preference shares ... 960.000	10,560,000.00
Mechanical equipment	176,000.—	Bonus shares	8,256.000.00
Equipment of offices, depots and dwelling houses	1.—	Reserve	1,678.955.29
Various vehicles.....	1.—	Reserve for pensions..	200,000.00
Material (stocks)	1.—	Creditors	5,507, 94.96
Plant	1.—	Caution money	29,403.68
Land and buildings ..	1,781,000.—	Mortgage	31,924.44
Stores	3,996,950.09	Profit and loss account	1,239,202.51
Linen	271,000.—		
Uniforms.....	96,000.—		
Debtors and advance payments	4,840,573.31		
Cash in hand.....	73,676.07		
Bank balances	3,471,787.41		
Investments and holdings in other undertakings.....	1,212,090.—		
Total....	27,503,080.88	Total....	27,503,080.88

Profit and loss Account of the Mitropa for the business year December 1, 1926, to November 30, 1927.

Debit		Reichsmarks	Credit	Reichsmarks
Expenditure on material		24,054,274.81	Brought forward from the previous business year	67,107.06
Salaries, wages and other expenditure on staff.....		9,684,320.74	Operating receipts ...	38,439,601.57
Taxes and social charges		2,067,152.43	Interest and various receipts	1,132,950.85
Depreciation of inventory		2,594,708.99		
Net profit	1,172,095.45			
Brought forward from the previous business year...	67,107.06	1,239,202.51		
Total....		39,639,659.48	Total....	39,639,659.48

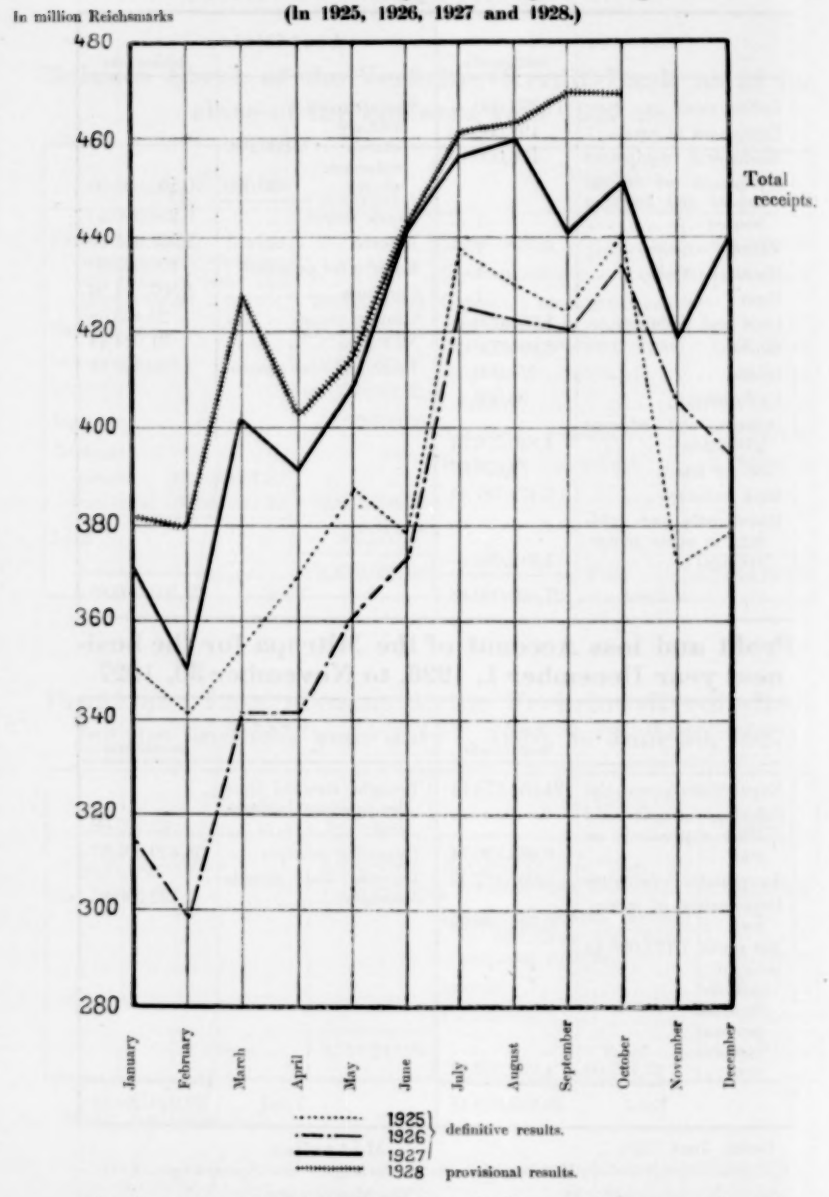
Berlin, June 1928.

Mitropa
Mitteleuropäische Schlafwagen- und Speisewagen-A.-G.
The Management:
(signed) *Kieschke* *Alten*

Annex VI.

German Railway monthly Receipts.

(In 1925, 1926, 1927 and 1928.)

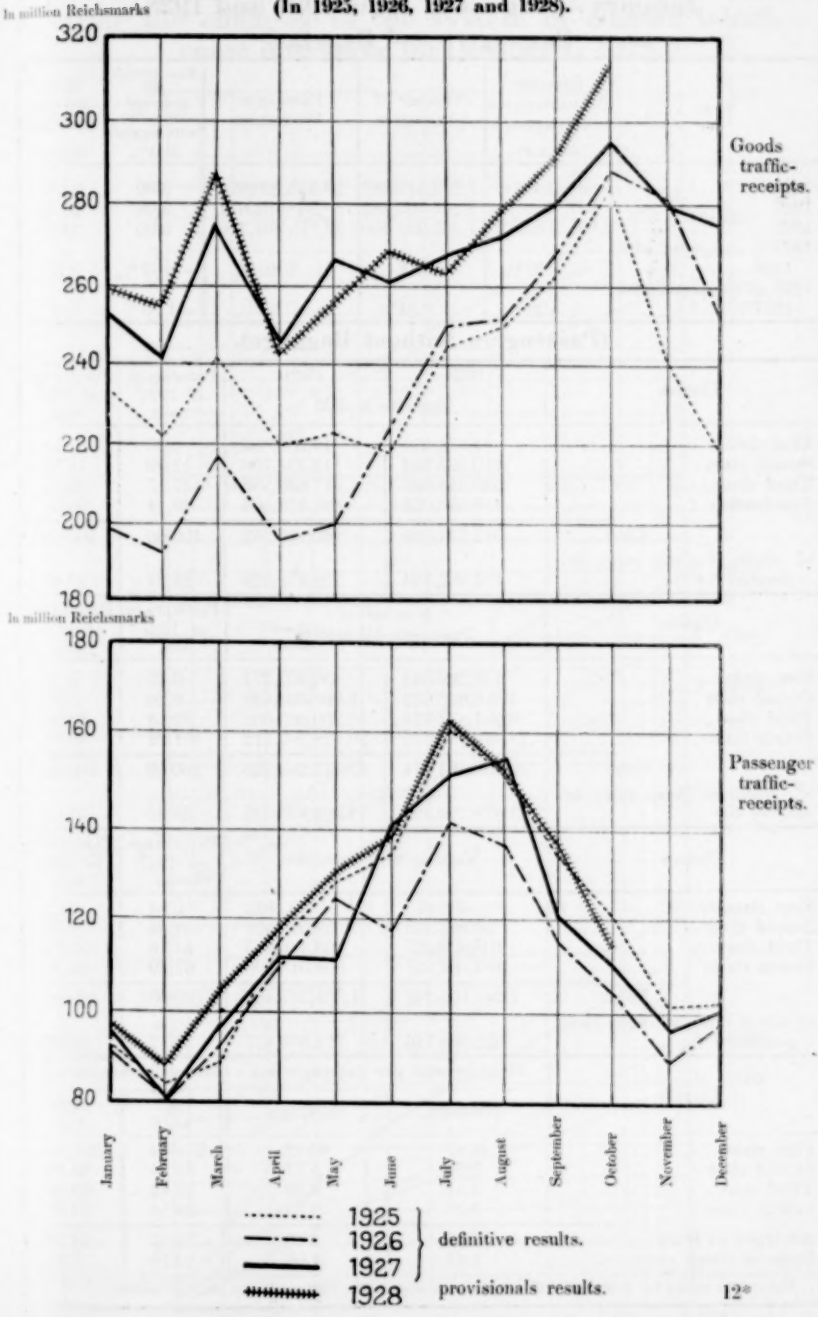


In the total receipts are included the miscellaneous receipts as well as the passenger traffic and goods traffic receipts.

Annex VI.

German Railway monthly Receipts.

(In 1925, 1926, 1927 and 1928).



Annex VII.

Comparative figures of Passenger Traffic for the period January—August in 1926, 1927 and 1928.

Passengers and Baggage.

Year	Receipts for passengers and baggage (In RM)	Number of passengers	Passenger-kilometers	Mean receipt per passenger-kilometer (with baggage) (In Pf.)	Mean distance travelled (In km.)
1926	908,454.608	1,222,513,387	29,353,290,875	3.09	24.01
1927	947,558,629	1,261,105,282	30,938,464,674	3.06	24.53
1928	995,506,042	1,365,927,466	33,175,264,316	3.00	24.28
1927 as compared with 1926	+ 4.30 %	+ 3.16 %	+ 5.40 %	— 0.97 %	+ 2.17 %
1928 as compared with 1927	+ 5.06 %	+ 8.31 %	+ 7.23 %	— 1.96 %	— 1.02 %

(Passengers without Baggage).

Classes	1927 Receipts in RM	1928 Receipts in RM	Percentage of 1927 total	Percentage of 1928 total
First class	14,576,454	14,209,464	1.60	1.48
Second class	110,393,763	113,134,799	12.09	11.78
Third class	339,318,566	347,030,596	37.17	36.12
Fourth class	448,656,023	486,325,503	49.14	50.62
Total	912,944,806	960,700,562	100.00	100.00
of which at cheap rates accounted for	193,502,759	228,878,829	21.21	23.82

Classes	Number of Passenger-kilometers		Percentage of 1927 total	Percentage of 1928 total
First class	139,229,043	136,307,374	0.45	0.41
Second class	1,916,616,622	1,969,004,138	6.20	5.91
Third class	9,941,832,734	10,250,665,092	32.13	30.90
Fourth class	18,940,786,275	20,828,287,712	61.22	62.78
Total	30,938,464,674	33,175,264,316	100.00	100.00
of which at cheap rates accounted for	11,878,774,321	13,823,840,135	38.39	41.67

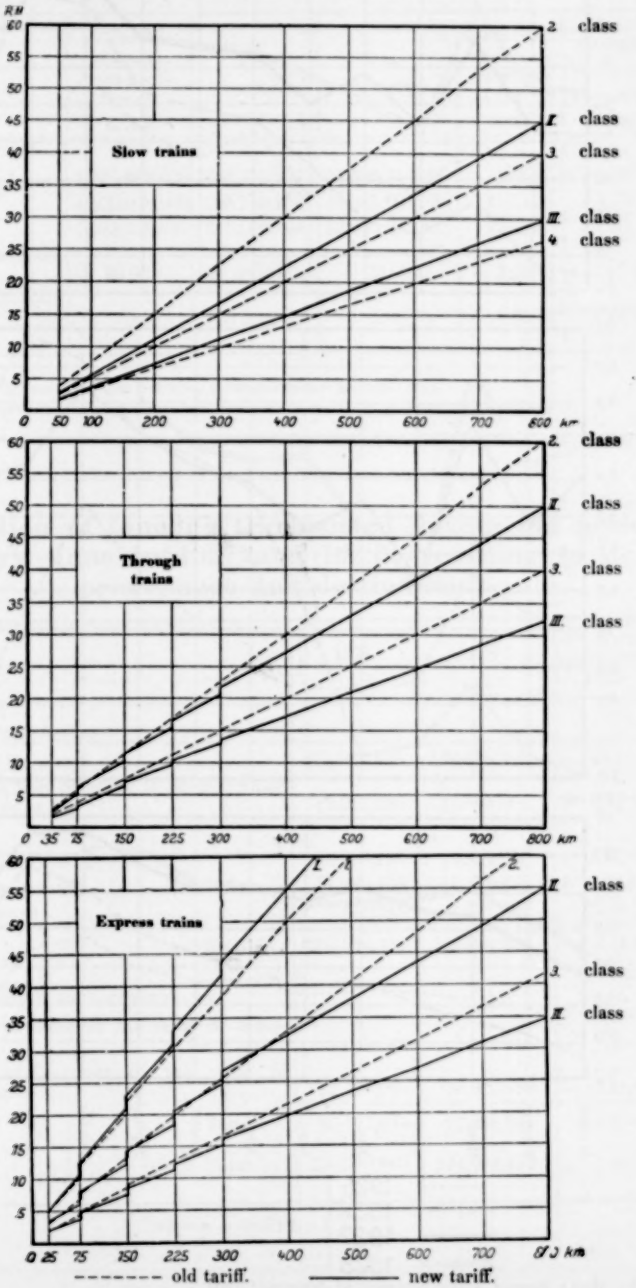
Classes	Number of Passengers		Percentage of 1927 total	Percentage of 1928 total
First class	498,873	405,823	0.04	0.03
Second class	56,843,625	59,056,901	4.51	4.32
Third class	400,599,227	438,446,643	31.76	32.10
Fourth class	803,163,557	868,018,096	63.69	63.55
Total	1,261,105,282	1,365,927,466	100.00	100.00
of which fares at cheap rates accounted for	652,908,116	774,307,457	51.77	56.69

Classes	Mean receipt per passenger-km		Mean distance travelled	
	pfennigs	pfennigs	1927 Km.	1928 Km.
First class	10.47	10.42	279.09	335.88
Second class	5.76	5.77	33.72	33.19
Third class	3.41	3.39	24.82	23.38
Fourth class	2.37	2.33	23.58	24.00
All types of fares	2.95	2.89	24.53	24.28
Fares at cheap rates	1.63	1.66	18.19	17.85

Note. The results for 1926 and 1927 are definitive whereas the 1928 results are still provisional.

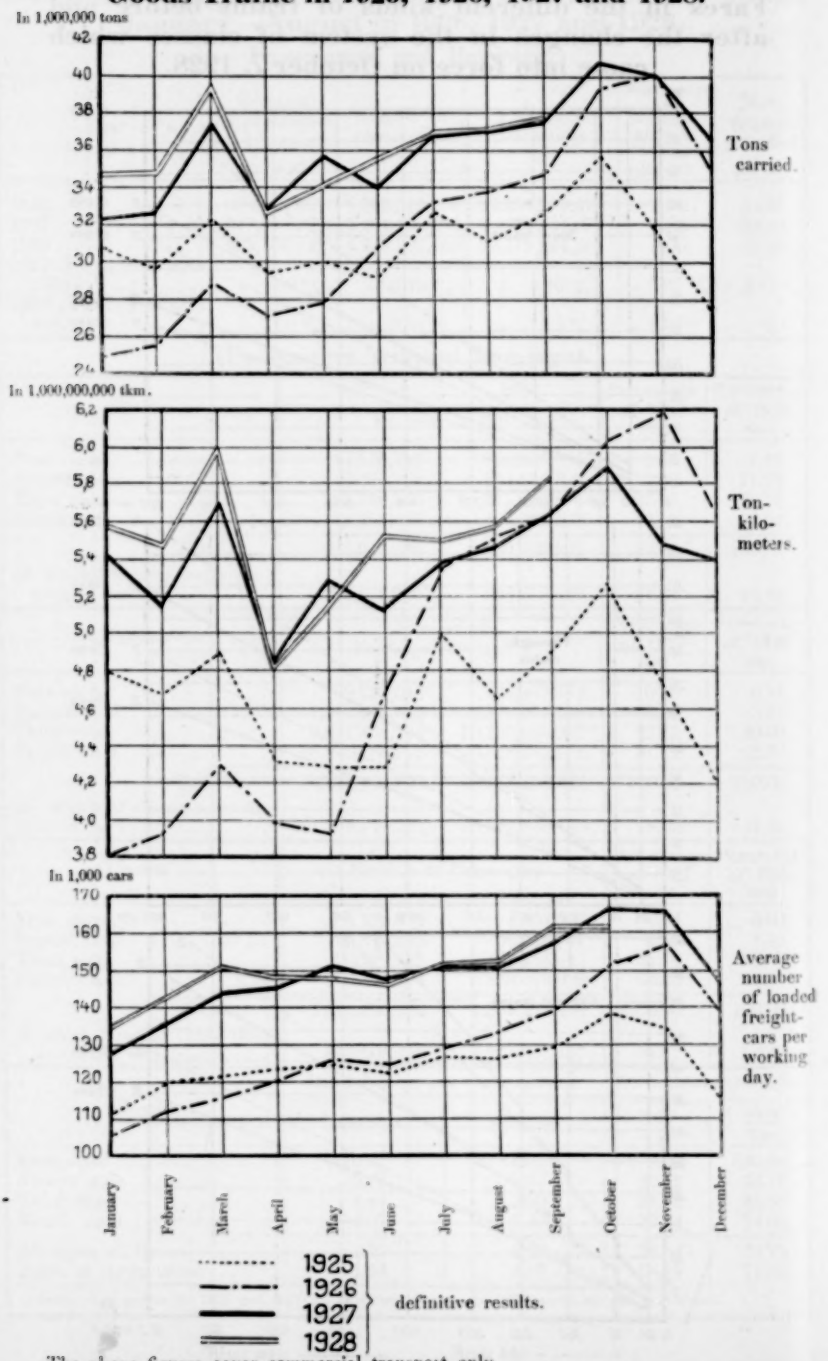
Annex VIII.

Fares in the different kinds of trains before and after the changes in the system of classes which came into force on October 7, 1928.



Annex IX.

Goods Traffic in 1925, 1926, 1927 and 1928.



The above figures cover commercial transport only.

Annex X.

Comparative figures of Goods Traffic for the period January—June, in 1926, 1927 and 1928.

Year	Total receipts from goods carried In ℛℳ	Tons transported	Ton-kilometers	Mean distance travelled per ton In Km	Receipts per ton-kilometer In Pfg.
1926	1,229,969,929	165,373,237	24,626,944,009	148.92	4.79
1927	1,550,078,609	205,556,950	31,535,001,038	153.41	4.71
1928	1,578,508,345	212,002,068	32,625,385,451	153.89	4.64
1927 as compared with 1926	+ 26.03 %	+ 24.30 %	+ 28.05 %	+ 3.02 %	— 1.67 %
1928 as compared with 1927	+ 1.83 %	+ 3.14 %	+ 3.46 %	+ 0.31 %	— 1.48 %

The above figures, which are definitive, cover commercial transport only.
Accessory costs are included in the total receipts but not in the receipts per ton-kilometer.

Distribution of tonnage transported during the period January—June in 1927 and 1928, according to its provenance and destination.

	1927 tons	1928 tons	1928 as compared with 1927
I. Commercial tonnage:			
Inside Germany	167,962,476	173,065,269	+ 3.04 %
Coming from or going to other German companies	15,017,210	15,905,082	+ 5.91 %
Coming from abroad	9,786,158	10,334,090	+ 5.60 %
Going abroad	11,380.458	11,575,450	+ 1.71 %
In transit	1.410,648	1.122.177	— 20.45 %
Total	205,556,950	212,002,068	+ 3.14 %
II. Tonnage for the Company's use:			
With payment of the costs of transport	3,049,048	2,947,346	— 3.33 %
Without payment of the costs of transport	22,127,966	19,109,038	— 13.64 %
Total	25,177,014	22,056,384	— 12.39 %
Grand Total	230,733,964	234,058,452	+ 1.44 %

Annex XI.

Comparative Statistics of Derailments and Collisions in 1913 and from 1925 to 1928.

Causes of derailments and collisions	1913		Annual average for the period 1925—1927 and January—Juli 1928 (3 years and 7 months)	
	Number	Percentage of total number of derailments and collisions	Number	Percentage of total number of derailments and collisions
a. Derailments				
1. Stoppages and obstacles on the track (damage caused by bad weather and acts of sabotage)	27	4.0	26	3.9
2. Irregularities on the part of pointsmen	95	14.4	67	10.1
3. Irregularities in the train service and in shunting and switching	17 } 112	2.5 } 16.9	76 } 143	11.4 } 21.5
4. Defects in the interlocking and signalling plant	—	—	1	0.1
5. Defects in the superstructure of the permanent way	30	4.5	85	12.8
6. Defects in the rolling stock	66	10.0	103	15.5
7. Various accidents, the cause of which it was possible to determine	101	15.2	24	3,6
8. Various accidents, the cause of which it was not possible to determine	20 } 121	3 0 } 18.2	61 } 85	9.2 } 12.8
Total number of derailments	356	53.6	443	66.6
b. Collisions				
1. Irregular observance of announcement of trains	11	1.7	8	1.2
2. a) Incorrect controll of the routes in stations	118	17.8	81	12.2
b) Various mistakes in traffic movements in stations	4	0 6	14	2.1
3. a) Over-running of signals at danger	40 } 288	6.0 } 43.4	20 } 214	3.0 } 32.2
b) Various irregularities in the train service	14	2.1	6	0.9
4. Irregularities in the shunting and switching service	101	15.2	85	12.8
5. Defects in the block system and in the interlocking and signalling plant	1	0.1	1	0.1
6. Defects in the rolling stock	9	1.4	3	0.5
7. Various accidents, the cause of which it was possible to determine	10	1.5	3	0.5
8. Various accidents, the cause of which it was not possible to determine	—	—	1 } 4	0.1 } 0.6
Total number of collisions	308	46.4	222	33.4
Grand total of derailments and collisions	664	100	665	100

Annex XII.

Principal categories of normal gauge rolling stock at the end of 1927.

I. *Steam locomotives.*

Express locomotives	862
Locomotives for slow trains	3,886
Locomotives for goods trains	10,575
Tank locomotives for passenger trains	2,562
Tank locomotives for goods trains	6,003
Locomotives for local branch lines	420
Total	24,308

II. *Passenger cars* (not including motor coaches).

Express train cars (inter-communicating)	4,277
Other cars:	
without inter-communication, with 2 or 3 axles	30,264
without inter-communication, with 4 axles	3,364
inter-communicating but without covered gangways:	
with 2 or 3 axles	18,048
with 4 axles	871
suburban cars, with 2 or 3 axles	4,046
Total	60,870

III. *Baggage cars* (not including motor coaches).

Express train baggage cars	1,011
Slow train baggage cars	6,981
Goods train baggage cars	12,823
Total	20,815

IV. *Freight cars* (including earth work cars).

Covered cars:	
with a loading capacity of 10 or 12.5 tons	9,912
with a loading capacity of 15 tons	195,242
Large capacity covered cars	7,938
Open cars:	
with a loading capacity of 15 tons	149,686
with a loading capacity of 20 tons	169,798
large capacity cars (Grossgüterwagen)	313
with other tonnage capacity	3,868
Special cars:	
for lime	12,417
for small cattle	4,140
for timber	19,068
with stanchions	46,686
for rails, with 2 or 3 axles	4,814
for rails, with 4 or 8 axles	11,451
earth work cars	21,933
Total	657,266

Annex XIII.

Arbitral Award of August 24, 1928 concerning the increase of tariffs

In the Name of the Reich.

In the matter of

The German Railway Company

versus

The Government of the Reich

The Railway Court, consisting of

1. Senatspräsident Dr. MEYER of the Supreme Court of the Reich, Leipzig, as President of the Court,
2. Geheimer Legationsrat Dr. FRISCH, Director of the Dresdner Bank, Berlin,
3. Dr. jur. SILVERBERG, Cologne, industrialist,

at its sitting of August 24, 1928, has decided as follows:

The German Railway Company is entitled at the earliest possible date, which date shall be determined by the Transport Minister of the Reich, to introduce an increase in Tariff Rates for goods traffic and passenger traffic in the approximate ratio of 4 : 1 to such an extent as will yield an increased annual income of ℛ.ℳ 250 millions.

Grounds of the Court's decision.

The Railway Company has applied to the Court as duly constituted under § 44 of the Railway Law of August 30, 1924, for a decision to the effect that the German Railway is entitled, in accordance with its application to the Government of the Reich of May 1, 1928, to increase its passenger and goods tariff to such an extent as will yield an additional annual income to the amount of at the least 250 millions, the said increase to be distributed as between goods and passenger traffic in the ratio of 4 : 1.

The Government of the Reich, represented by the Transport Minister of the Reich, has applied to the Railway Court, having regard to the arguments put forward to decide whether the tariff increase for which the Railway Company has made application is justified; and, if so, whether it should be of such measure as to yield an additional annual income of ℛ.ℳ 250 millions, or of what other measure; and further to decide in what proportion such increase, if any, as may be determined by the Court shall be distributed as between passenger and goods traffic.

I. It is unanimously agreed that the Railway Company is a legal person enjoying public law status in its own right: that is to say, that the treatment and calculation of the assets and liabilities and of the capital of the Company for business and accounting pur-

poses are subject to the general principles of German law, yet not so as to be subject to all the provisions of German law in regard to shares, nor yet to the legislation and practice of other countries in regard thereto (§ 16 of the Railway Law).

The main item in the assets of the Company is the "Concession in respect of the original railway property taken over" shown as ℛ*M* 24,500,000,000 of which ℛ*M* 36,666,666.67 had been written off on December 31, 1927. As against this (the largest) item on the assets side there are on the liabilities side

ℛ*M* 13,000,000,000 of ordinary shares of the Reich.
» 500,000,000 of preference shares of the Reich.
» 11,000,000,000 of reparation bonds, of which
ℛ*M* 36,666,666.67 had been redeemed on December 31, 1927.

A further ℛ*M* 581 millions (nominal) of preference shares had been issued down to June 30, 1928, while ℛ*M* 919 millions of preference shares are still in the possession of the Company.

The ℛ*M* 13 milliards of ordinary shares are not shown to the left of the line. Their counterpart on the assets side is an item, which is called "Concession" but in fact comprises productive values involving renewals and maintenance and writing off. These 13 milliards of ordinary shares increase in intrinsic value from year to year as the reparation bonds and the two milliards of preference shares are redeemed under the provisions of the Law, so that the holder of them is the real, and will later be the sole, owner in law and in fact of the railway undertaking.

This fundamental finding of the Court with reference to the principal assets of the balance sheet and the capital of the Company is the essential basis of the conclusions at which the Court has arrived from the study of the balance sheet and the profit and loss account.

The Court has examined the position of the Railway Company in the light of the balance sheet and the profit and loss account for the business year 1927, and the development of the Company in 1928 as shown by the half-year's accounts of June 30, 1928, and the revenue and expenditure accounts and budget estimates for the second half of 1928. It has had the assistance in this connection of the experts, Prof. Dr. Schmalenbach of Cologne and Prof. Dr. Geiler of Mannheim.

The Court has prepared, for comparison with the profit and loss account drawn up by the Railway Company as at December 31, 1928, a profit and loss account so arranged as to eliminate features of the Governmental accounting system which still play a considerable part in the operating account and the balance sheets of the Railway. It is very much to be desired that the Company should without delay adopt purely business methods of accounting and drawing up its balance sheets, if for no other reason, in order itself to obtain a clearer insight into its own position. The Court has added to the operating account surplus shown on the credit side of the profit and loss account certain sums which have been assumed in public criticisms of the Company's policy to represent improper

or exaggerated deductions from the gross surplus at the expense of the operating account. It is a question of some ℛℳ 126.5 millions, in which total is included an amount of ℛℳ 70 millions charged to the operating account for the express purpose of relieving the extensions account ("Anlagezuwachs"). When further all the "renewals" are added to the operating account surplus, increasing it by some ℛℳ 650.9 millions, the following picture of the credit side of the profit and loss account is obtained:

	(in millions of ℛℳ)
Profit brought forward from 1926	167.7
Operating account surplus as shown	880.5
Taken over from the operating account	126.5
Renewals	650.9
	1,825.6

The position on the debit side is as follows:

Service of reparation bonds	553.8	
Other interest payments	2.1	555.9
Gross surplus		1,269.7
		1,825.6

This gross surplus has been utilised as follows:

To legal reserve		100.8
To writings off:		
increase of plant	120.0	
plus new constructional work (see above)	70.0	
concession	36.7	
various accounts	56.5	
renewals account	650.9	934.1
Dividend on preference shares		61.6
Profits carried forward		173.2
		1,269.7

The Court is well aware that even this profit and loss account is far from furnishing a clear and complete survey of the income and expenditure of the Railway Company, or of the method of drawing up the balance sheet, even when reference is made to the "operating account" attached to the balance sheet as published. On the other hand the Court finds, after careful examination and discussion with both the disputing parties and the experts, that the writing off under "various accounts" to the amount of ℛℳ 56.5 millions represents rather losses of value than writing off in the proper sense of the term. Above all the Court has arrived at the conviction that the operating account has not been unduly charged for the benefit of the Company's plant, and that on the contrary it is seriously open to question whether the Company is not placing an undue charge upon the plant account. The sums actually assigned to increases of plant since the creation of the Company amount to ℛℳ 1,135 millions, of which ℛℳ 340 millions have been written off directly and ℛℳ 140 millions taken over by the operating

account, leaving a balance of ℛℳ 655 millions. The Railway Company and the Government of the Reich have however frankly admitted—and their statements are confirmed by the expert Prof. Schmalenbach—that this balance of ℛℳ 655 millions includes considerable sums devoted to "unproductive" plant. The suggestion has occasionally been made that the finances of the Railway Company might be improved in appearance and the position eased if some of the writings off were brought back in the assets of the plant account. To this suggestion the Court explicitly replies that any such step—quite apart from its impracticability on account and financial grounds—would be altogether unjustifiable: on the contrary the Court considers the writing off in the plant account, and indeed the writing off in the entire undertaking, to be much too low.

§ 9 of the Railway Law, under which the Railway Company is made responsible "for the safe operating of the railways of the Reich and for such adequate maintenance and development at its own expense of the undertaking, with all its acessories, as will meet the requirements of traffic and the progress in railway technique" in itself imposes upon the Company the obligation, like any other business concern, to resist tendencies to cut down writing off and transfers to reserve in order to make shorter working hours, increased wages, social expenditure or reduced receipts as a consequence of tariff reductions appear possible according to the balance sheet. As a profit-earning concern run on business lines the Company must not allow itself to be diverted by any such motives from making necessary provision for writing off and placing to reserve.

In view of these considerations the Court entertains serious doubts as to whether it is justifiable to treat the whole of the ℛℳ 720 millions shown as expenditure for the renewal of plant in the business year 1927 (after deduction of the ℛℳ 70 millions for writing off of new constructional work) as representing writing off. Although the Railway Company expended no less than ℛℳ 1.3 milliards on material in 1927, shown under the item "maintenance" of plant in the operating account, it is undeniable that a distinction between "maintenance" and "renewal" is extremely difficult and that in reality a "renewal" technically and economically is only a form of maintenance, the cost of which is undoubtedly a proper charge on the undertaking. The fundamental importance of writing off in the case of an undertaking like the German Railway Company lies in the fact that, by the machinery which it affords for coping with the wear and tear, ageing and technical superannuation of the plant as a whole, it enables provision to be made for the undertaking to keep pace with the rapid technical development of the present day, on such lines as considerations of safety and sound running may suggest, without being compelled on each occasion to charge the plant account or (as it was called under the former system of accounting) the capital account. The Company must further be in a position to make such changes and adaptations in good time as may be necessary to enable it to face competition from new means of transport: such competition is not to be overcome by mere reiteration of the facts and complaining about them.

The Court is accordingly of opinion that the ℛ𝑀 934.1 millions, which it considers may be treated as the effective "writing off" in 1927, are inadequate. In the first place the above amount includes sums which are in reality more in the nature of revaluation than writing off, in other words represent losses incurred. In the second place the Court questions whether items entered as renewals should not properly be brought into the operating account. When at the same time it is remembered that even these 934.1 millions represent a writing off of only 3.6 per cent of the value of the plant—the Court has already laid down the principle that the whole profit-earning plant of ℛ𝑀 25,500,000,000 ought to be written off—the Court can only regard the 1927 balance sheet as balanced by a very scanty and narrow margin (despite the increase of the profits carried forward from 1926 by $5^1/_2$ millions to ℛ𝑀 173, 200,000) and it considers that it has only been balanced (at the expense of such writing off as sound economics and accounting would demand) by increasing the profit carried forward. The view of the Court is confirmed by the pronounced financial difficulties under which the Railway Company embarked upon the business year 1928, difficulties which have grown considerably more acute in the course of the year.

The following point should also be made. The balance sheet shows on the liabilities side a legal reserve of ℛ𝑀 305 millions, which includes ℛ𝑀 100.8 millions transferred from the operating surplus of 1927. This reserve is comparable to the reserve funds prescribed for companies etc. by the German Commercial Code; but it is not upon the same footing, because it cannot be utilised to cover a deficit, being allocated under the Railway Law to serve as security for the punctual service of interest and amortisation of the bonds. The legal reserve has to be built up to a total amount of ℛ𝑀 500 millions. The Court accepts the view that it should be set apart in the form of readily realisable assets viz. safe securities, credit balances with banks and bills. It is a blocked reserve and should not be treated in the balance sheet as a set-off to immovable plant properties. If accordingly in the 1927 balance sheet we deduct from the "credit balances with the banks" and the "securities" (respectively $374 + 172 = 546$ millions) the 305 millions of the legal reserve as being a blocked item, the resources at the ready disposal of the Company will amount only to ℛ𝑀 241 millions or 4.6 per cent of the turnover. Although from 1930 onwards transfers to the legal reserve are no longer required by the Law, it must be pointed out that the amortisation of the preference shares is due to begin in 1935; and the Railway Company ought not to ignore the sound principle laid down in the German Commercial Code that a proportion of the net profits ought to be set aside annually until such time as the reserve fund is equal to 10 per cent of the capital.

As to the question whether the amount of the reserve for writing off the concession in respect of increases of plant (ℛ𝑀 340 millions) is adequate, the Court refers to its estimate of the increases of plant set forth above, and expresses the opinion that the amount is too low as a writing off of the increases of plant alone. The Court has however dealt with both the principle and the amount of this reserve in its general handling of the total amounts to be written

off by the Company, and further particular consideration of the amount of this item may accordingly be dispensed with.

The working reserve of ℛℳ 756 millions is the counterpart in the books to those assets which were taken over from the Deutsche Reichsbahn by the Railway Company upon its creation apart from the actual plant. It need not be further considered in connection with the present examination of the Company's financial position.

II. As regards the current business year (1928) a balance sheet for the half year ending June 30, 1928, has been submitted to the Court. It affords no very satisfactory picture, as the balance is only achieved by drawing upon the carry-forward from 1927 to the extent of ℛℳ 40 millions without allowing for writing off of any kind apart from the concession. There are no fundamental differences from the balance sheet of December 31, 1927, and the changes in the figures of individual items afford no basis of comparison with the balance sheet for the entire year 1927.

The case is different in regard to the operating account for the half-year, on which the estimates for the whole of the current year (1928) are based.

The first seven months of 1928 yielded increased gross operating receipts for the Railway. After close study of the question and hearing of both sides the Court finds, in agreement with the Government of the Reich and the Railway alike, that the income for the whole of 1928 may be assessed at a total of ℛℳ 5,110 millions, as against ℛℳ 5,039 millions in 1927. There are certain fluctuations in the receipts for individual months which do not tally with the receipts for the corresponding months of 1927; but a distinct upward tendency is clear on the whole.

This applies in very much greater degree to the expenditure side.

Personal expenditure amounts in the half-yearly balance sheet without transfers of any kind to the plant account to ℛℳ 1,207 millions, as against ℛℳ 2,178 millions for the whole of 1927, making (if the half-yearly figure is simply doubled) an increase for 1928 of ℛℳ 236 millions. In this connection it is not disputed that staff will have to be increased in 1928, to the extent indeed of about 10,000 persons, and that there will be a corresponding increase of social expenditure.

Material expenditure amounts as at June 30, 1928, to ℛℳ 609 millions, as against ℛℳ 1,388 millions for the whole of 1927; renewals amount to ℛℳ 300 millions as against ℛℳ 650 millions in 1927.

The above figures are sufficient to show that in the first half year alone vigorous restrictions have been made in the material expenditure (upkeep of track, maintenance of rolling stock, renewals, etc.) to compensate the increased personal expenditure. The programme for 1928, on which the Company is at present working, throws the policy of restriction into still stronger relief.

	1927	1928	Increase (+) or decrease (—) in 1928 as against 1927
Personal expenditure	2,178	2,470	+ 292
Material expenditure	1,388	1,258	— 130
Renewals	650	633	— 17

If it is remembered that, side by side with the increased personal expenditure, the cost of material has risen by something like ℛ*M* 40 millions as against 1927, the significance of the restrictions actually introduced is still more striking; and it is noteworthy that even this limited programme will not enable the Company to balance the account, even if all writing off whatsoever is left out of consideration apart from renewals (the treatment of which by writing off in their entirety appears in any case doubtful to the Court).

The Court has also not been able to pass over the full particulars contained in the Memorandum of the Railway Company of April 1928, more especially the statements with regard to the maintenance and renewal of the railway plant in conditons compatible with safety, and the technical and economic extension of the same. These particular sections of the Memorandum have been made the subject of very special and thorough discussion between the Government of the Reich and the Railway at the instance of the Court; and it may be pointed out that in the extensive public criticism to which the Memorandum of the Railway Company has been subjected these particular requirements were those which raised the least objection, if any.

The Court is therefore in a position to establish—as a result of the detailed discussion to which reference has been made—that there is agreement between the Government of the Reich and the Railway that the necessary expenditure of the Railway for 1928, including renewals and the making good of arrears, may properly be fixed at ℛ*M* 4,417 millions.

On the basis of the figures thus admitted for income and expenditure respectively we arrive at the following figures for the 1928 estimates:

(in millions of ℛ*M*)

Income		5,110
Expenditure		4,417
	Surplus	693

The surplus is required to cover:

Reparation commitments	ℛ*M* 660 millions	
Interest on loans	» 3 »	
Legal reserve	» 102 »	767
	Deficit	74.

There is still lacking therefore the cover for the dividend on the preference shares (ℛ*M* 90 millions), together with any provision for writing off increases of plant. Both requirements may be met without objection on the grounds of financial or accounting principles out of the profits carried forward, which will thereby be completely exhausted. This leaves nothing for writing off. The Court has already laid down the principle of the absolute necessity of adequate writing off for the Railway Company, and has engaged in detailed discussions with the experts as to the adequate and requisite amount of such writing off. The Court associates itself with the opinion that a total figure of ℛ*M* 1,100 millions is required by the Company for writing off, including renewals and writing off of concession (the latter being set off against the amortisation pay-

ments and the writing off of increase to plant); but it feels bound at the same time to state that it does so only on the understanding that in future more favourable years the amount so assigned to writing off is increased considerably; that the annual charge on the operating and renewals account for the benefit of the plant account is drastically cut down and confined to the case of genuinely productive plant on which new profits, not hitherto available, are earned.

The estimates for 1928 will then appear as follows:

	(in millions of ℳ)
Income	5,110
Expenditure	4,417
Surplus	693
to which must be added, from the above total of expenditure, the writing off for renewals	660
Gross surplus	1,353

which is required to cover:

Legal reserve	ℳ	102	
Interest on Reparation Loan	»	547	
Other interest	»	3	
Dividend on preference shares	»	90	
Writing off	»	1,100	1,842
leaving a deficit of			489.

The figure ℳ 1,100 millions for writing off is made up as follows; renewals 660 millions, writing off of concession (i. e. redemption of loan) 113 millions, writing off of the entire undertaking (including increases of plant) 327 millions.

III. The Court having arrived at the conclusion as a result of these considerations and calculations that the Railway will not be in a position in the year 1928 to cover its essential expenditure on operation, renewals, legal reserve, reparation liabilities, interest, dividend and writing off out of its operating receipts, the question arises whether the demand put forward by the Railway for an increase of passenger and goods tariffs can be regarded, all circumstances being taken into account, as a suitable means of increasing the Railway's income.

In this connection it should be said at the outset

that the Court treats the question of liquidity and the raising of money as entirely separate from the question of the necessity of an increase of income to balance the operating account and finance the inevitable expenditure; and consequently that credits which only serve to provide the Company with funds cannot balance the operating account; and that no increase of income is reasonable, or can be considered in the sense of the Railway's application, unless the gross income is substantially identical with the net income, and is not curtailed in accordance with the current operation coefficient, in other words if it does not give rise to a new movement for cutting down the hours of labour or increasing salaries and wages in the case of the Railway or the firms from which the Railway draws its supplies.

The Court expresses the opinion that the difficult and constricted position of the Railway, of which the figures quoted by the Court speak, is due in part to the personal expenditure of 212 million marks, described on page 14 of the Railway's Memorandum as a political charge, which has its origin in the increases of personnel during the inflation period, when wage earners were appointed officials on the Railway for political reasons, and in addition some 18,000 railway officials were taken over from the ceded districts, with the result that some 90,000 officials had to be pensioned during the years 1922-24. The charge for pensions thus occasioned is described by the Reichsbahn as a charge which has nothing to do with the proper duties of a railway undertaking; and it has risen, solely as a result of the new legislation with regard to salaries, from 185 to 212 millions. The Reichsbahn has negotiated with the Reich with a view to the transfer of this burden to the latter: it appears, however, from the answers given by the representatives of the Reich Government in reply to enquiry by the Court that there is no chance of this burden being assumed by the Reich. Further deterioration of the position of the Railway has resulted, as the Court has shown in the figures quoted, from the phase through which the whole German economy has been passing since 1926 of reductions of working hours coupled with simultaneous increases of salaries and wages. The railway is dependent as a result of legislative enactments on the policy of the Reich and States in regard to the salaries of their officials, and that policy is conditioned to a great extent both as regards the moment of its introduction and the extent of the concessions accorded by political considerations. The Railway is not in a position to maintain the working hours or the salaries and wages of a purely commercial undertaking. It is noticeable that the increase in the earnings of officials and workers of the Railway represents a relatively heavier charge on the several administrative units of the Company than the addition which the new salary legislation has involved in the costs of production of German private enterprise as a whole. The Railway has an index number of personal expenditure for 1928 (as compared with 100 per cent in 1913) of 190.18 per cent, as against 156.8 per cent in 1925 and 170.15 per cent in 1926. Without criticising on these grounds the natural efforts of officials and workers to improve their position, it must at the same time be emphasized that the Railway is all the time compelled to continue operations, that is to say, is not in a position when its personal expenditure is increased to reduce its regular working to any appreciable extent, although it is at the same time in other respects in the same position as any key-industry, so that any rise in its costs of production, as the greatest transportation undertaking in the country, is bound to affect the entire national economy in the direction of an increase of prices, since the price of every article includes the cost of transport.

The above arguments of the Court lead to the conclusion that a net increase of income of 250 millions is not sufficient to cover the deficits calculated for 1928, for the reason that the tariff increase will in the most favourable case only produce 100 millions in 1928, so that heavy reduction of the necessary expenditure for that year will be necessary in addition. It was on these grounds

that the Railway in its application for a tariff increase expressly asked for an increase sufficient to bring in at least 250 millions.

The Court is of the opinion that—quite apart from the serious objections, to which reference will be made below, to any tariff increase at the present time—there must be no question of extending the amount of the application put forward in the memorandum of April 1928. The Court has decided to give its approval to the tariff increase for which application was then made; but it is at the same time well aware that the Railway in the most favourable case must make up its mind to practise a carefully thought out policy of economy and organisation of expenditure and a clear system alike of operation and of finance. If the organisation and the finance of the Railway Company have not up to now been at all points what they should have been, it must be remembered that there were obstacles in the way—on the one hand the absence of clarity as to the position of the undertaking as a result of obscurities in the system of accounting and in the drawing up of the balance-sheet, in which survivals of the governmental system of accounting still confuse the showing of the facts and prevent either a clear "cameralistic" or a clear commercial statement of the position, and further the absence of a clear system of organisation and distribution of purchases and constructional work over a period of years—due mainly to the inadequate financing of the Company from its commencement. Further reference will have to be made to this point below.

As regards the tariff increase in itself, the Court is convinced that any tariff increase is likely, and any increase on the proposed scale is bound, to have a far-reaching effect on the entire national economy, especially at a time when the symptoms are all of a gradual downward trend of business in a country where reconstruction may be to a certain extent an accomplished fact on the technical side but on the financial side is very far from being so. The Railway has also to take into consideration the question whether a tariff increase will not involve restriction of traffic, with the result that the anticipated increase of income will not be attained, or will be transformed into an actual decrease, owing to the public limiting its recourse to the railway or preferring other means of communication.

As regards the effect of a tariff increase on the entire national economy, the Court has had in mind throughout the consideration that the failure of the Railway to run at a profit, as revealed in the anticipated deficit for 1928, is likely to involve even worse consequences for the business of the country as a whole than the disturbance which a tariff increase is calculated to occasion. The best ground for tariff reduction is sound and assured profit-earning by the Railway. It is equally true that unprofitable operation of the Railway is the greatest obstacle to tariff reduction. The evil of unprofitable working is far-reaching, and in the view of the Court a clear commercial statement of the balance-sheet of the Railway in the years 1926 and 1927 would have shown with how narrow a margin the Company was working, if it was to pursue anything like a correct policy of writing off. When in 1927 there came on the

top of this the exceptionally heavy increase of personal expenditure, efforts should in the opinion of the Court have at once been made and put through to increase the Company's income: such efforts would have come at a time when the economic situation of the country was appreciably better than it is to-day with a declining business tendency.

With regard to the second point (the restriction of traffic), it is difficult to give a conclusive answer. The Court has had in mind in this connection the consideration that, so far as the loss of goods traffic to the automobile services is concerned, much of the loss is not to be attributed primarily to the height of the railway tariffs, but rather to the heavy costs of loading and reloading of goods on despatch and on arrival. It may be assumed in view of the extension of motor transport facilities at the present time that, wherever there is a possibility of economising on these charges—which under present conditions of working hours and wages are a very important consideration—by a transfer from rail to motor traffic, the transfer has already been effected. Where this has not already been done, the Railway Company is in a position to combat the tendency by speeding up parcels traffic and loading of freight cars.

There are no precedents in the past from which to draw conclusions as to the effect of tariff increases on goods traffic. In the pre-war period the tariffs on the German railways showed a steadily falling tendency, only interrupted by the introduction of the (at its outset very moderate) transport tax. The tariff increases in the war and post-war period were so slow in following the collapse of the currency that the conversion, which ultimately became necessary, of the paper mark rates to gold, coming more or less simultaneously with the stabilisation of currency, does not permit of any conclusions in the present case. Later, from February 1924 onwards, the general tendency of the railway tariffs was again a falling one, taking the form of general reductions, exceptional rates, tariff re-organisations, etc.: and the effect, especially at the time of the general revival in 1927, was again to stimulate traffic.

If therefore the Court has been unable on these grounds to form any final or conclusive opinion, it has been guided in its decision by the feeling that, whatever the objections in the shape of the fear of a deficit on the Company's working, it was not justified in refusing to allow the Company to have recourse to what constituted the only possibility of balancing its income and expenditure account. The savings which have undoubtedly been effected already through technical and organising improvements have, as in the case of the majority of German business undertakings, been absorbed partly by reductions of tariffs already effected, partly by increases in the price of materials, and lastly by increases of wages and costs as a result of the reduction of working hours, so that it is not possible to look to them for a sufficient off-set in the future.

There accordingly remains no course but to increase tariffs, as the Court has decided.

The court places on record in this connection

that its decision is intended to accord to the Railway a single non-recurrent tariff increase, and should not therefore be interpreted as implying that the Railway is entitled as a result of such decision to increase its tariffs as often as it pleases until such time as it has obtained the additional income of ℛ.𝓜 250 millions;

that the proposals expressly put forward in the Memorandum with regard to the tariff rates for fuel and for hay and straw are to be put in force simultaneously with tariff increase;

and that the Railway after putting in force the tariff increase will consider in regard to the goods tariffs whether reductions in particular cases are not susceptible of producing such development of traffic as will result in absolute increase of income;

and that the Railway will further consider whether in lieu of, or in addition to, the set programme of tariff increases more individual treatment of particular merchandise or of particular business groups will not better serve the interests of the Railway and of the country.

As regards the passenger tariffs the Court has relatively less objection to their increase from the point of view of the country as a whole, since the index-number of passenger tariffs is still only 123. Its objections are further lessened by the declaration of the Railway that it proposes not to make the increase applicable to professional travel. The institution of three classes, instead of the existing four, also appears to the Court reasonable in view of the fact that the Railway is not thereby introducing any innovation but merely drawing the practical consequences of the present position in regard to the choice of class. Reduction of the fares in the case of the first class does not appear to the Court to be indicated. The Court would prefer to insist on the full increase in the case of this class, since it will continue in future to be used by those who are compelled to use it to-day.

As regards the proportion of passenger to goods tariffs the Court considers a ration of 1 : 4 reasonable, following in this case the statements of the Railway Administration which it is convinced are the result of the practical experience of many years.

IV. The Court in its decision to allow an increase of rates has been actuated solely by its conviction of the necessity for such increase, which it has derived from a perusal of the profit and loss account and the estimates for 1928 with their accompanying reasons and explanations. It has deliberately left on one side, without thereby wishing to waive discussion of the question, the problem of provision for the current financial requirements of the Railway Company.

It has already been pointed out in what has been said with regard to writing off and placing to reserve that the "legal reserve" is a blocked reserve, locking up liquid funds. Of the writing off, the amount expended on renewals (ℛ.𝓜 660 millions) and the writing off of concession (ℛ.𝓜 113 millions) are also blocked, the latter representing merely the provision for the

redemption of the loan which has to be effected at the same time. There therefore remain, on the assumption of identical annual results, only ℛℳ 327 millions of really disponible funds out of all the Company's writing off.

In the opinion of the Court it is not to be expected in the present circumstances of the Company that liquid funds will be available out of the operation of the undertaking on a sufficient scale to finance new constructions (or a part of the same) and at the same time relieve the unsatisfactorily swollen plant account—unless indeed the operating returns are in future so favourable as to cover the entire deficit on operation.

The question of fresh resources for really productive plant and for such capital expenditure as will show a profit after deduction of interest and amortisation charges becomes all the more urgent. This question of raising funds is, in the view of the Court, particularly urgent and important for the reason that many technical and administrative improvements can only be fully operative when the programme, of which they form a part, has been put into effect in its entirety. For example, the speeding up and lengthening of goods trains, the introduction of large capacity freight cars, the effective utilisation of continuous goods train brakes, the reduction in the number of goods trains and of the types of locomotives, are only possible and profitable to their full extent when the permanent way and the constructional work have been strengthened. This process alone is expected to take five to eight years. It is therefore obviously to be desired that the process of making good the constructional work in arrear in the various and far from uniform railway systems, out of which the Railway was formed, should be speeded up. Such a speeding up has however limits. On the financial side there are limits even in the case of really productive plant: for it must be recognised as out of the question for the Railway to call upon the capital market every year down to 1964 for hundreds of millions and then hand over an undertaking heavily in debt at the expiry of the concession. There are also limits to the distribution of orders to industry. What must at any cost be avoided is such an artificial and temporary stimulation of employment, through the spasmodic distribution of orders, as marked the year 1927. The effects of such artificial efforts cannot be maintained, and the result is to render every form of financial prevision over any length of time impossible.

Examination of the general financial development and present position of the Railway has convinced the Court that the Railway has at no time since its formation possessed the financial capacity and freedom of movement which a concern of its size and national significance ought to possess. When the Railway Company was formed provision was made for ℛℳ 1½ milliards of preference shares with a view to financing the necessary requirements of the undertaking. Of these shares ℛℳ 581 millions (nominal) have been issued at a considerable discount, while ℛℳ 919 millions (nominal) are still in the possession of the Company. According to the supplementary programme for purchases and constructional work, roughly ℛℳ 700 millions will be required in the years down to 1936 alone,

whereas the indispensable increases of plant for the nine years in question will amount to at least ℛℳ 2 milliards. One half of this sum may under the most favourable circumstances be obtained by writing off out of the Company's own resources: the supposition assumes a normal economic development of Germany's capacity of production undisturbed by serious crises or fresh charges in respect of wages and working hours. The situation calls for concentration by the Railway of all its liquid resources on an even more drastic scale than hitherto, and the utilisation of the same in accordance with the very best principles of banking and finance: and it points also to the necessity of establishing a department, acting in accord with commercial and financial practice, to decide upon the requirements and arrangements of the purchasing side of the undertaking.

The financial position of the Railway at the same time imposes on the Government of the Reich an imperative obligation to procure for the undertaking the liquid resources which are indispensably necessary for its operation. The amount required may be estimated at not less than one milliard of reichsmarks. In taking such action the Reich would merely be fulfilling the duty which is incumbent on it as the ultimate sole shareholder. It would at the same time help to avert the necessity for a new increase of tariffs (with all its regrettable effects on the process of national recovery) such as that which we are now witnessing for the first time in Germany for decades past. The necessity for such a new increase, if it arises, will be due not to a deficit on the working of the undertaking, but to the lack of funds with which to finance urgently required extensions—and the funds will be lacking merely because the sole shareholder, the Reich, has failed to provide capital for its most valuable asset, the Railway.

Authentic under seal and signature,

The President of the Railway Court,

(signed) Dr. MEYER.

REPORT

OF THE

COMMISSIONER

OF

CONTROLLED REVENUES

October 26, 1928

BERLIN

Report of the Commissioner of Controlled Revenues.

April 1, 1928, to August 31, 1928.

I.

(1) This report covers the last five months of the fourth annuity year, which correspond to the first five months of the German financial year 1928-29. In each of the first two months of this period, the reserve fund not having reached the prescribed total of 100 million gold marks, a sum equal to 50 million gold marks was retained from the controlled revenues, one-sixth of this amount being transferred to the reserve fund and five-sixths paid over to the Agent General as the monthly budgetary contribution. In June the transfer of a small balance completed the constitution of the reserve fund, and in the last two months of the period only the monthly budgetary contribution, or 41⅔ million gold marks, has been retained.

The necessary sums were available in the early days of each month and were promptly transferred to the account of the Agent General or to the reserve fund. The total payments made in the five months in gold marks, and their equivalents in Reichsmarks, were as follows:

	Gold Marks	Reichsmarks
Budget Contribution	208,333,333.33	207,875,041.67
Reserve Fund	17,887,892.85	17,860,553.27
Total ...	226,221,226.18	225,735,594.94

For the whole of the fourth annuity year, the payments were:

	Gold Marks	Reichsmarks
Budget Contribution	500,000,000.00	499,434,041.68
Reserve Fund.	76,221,226.18	76,172,353.26
Total ...	576,221,226.18	575,606,394.94

(2) As above stated, the reserve fund was completed by a final payment in June last, since when the interest earned by the fund investments, less taxes and bank charges, has been returned to the German Government as it has been received. A statement of the income and expenditure account of the fund for the year ended August 31, 1928, and the Balance Sheet as at August 31, 1928, are annexed to this report.

II.

(1) The receipts for the first seven months of the fourth annuity year, as shown in my last report, amounted to 1,697,954,000 marks, and the figures are here repeated to facilitate comparison:

	1927				1928			Total
	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	
	In thousands of Reichsmarks							
Customs...	95,659	102,933	99,257	97,763	146,390	85,318	91,300	718,620
Tobacco...	71,511	68,810	68,133	70,880	64,746	70,416	76,381	490.877
Beer	36,371	37,741	33,257	28,341	26,302	27,486	27,485	217,033
Alcohol ...	18,656	18,472	22,211	27,726	23,148	21,457	31.780	163.450
Sugar	20,744	19,739	14.433	14,402	15,285	11.943	11.428	107.974
Total...	242.941	247.695	237,291	239,112	275.921	216.620	238,374	1.697.954

The yield of the revenues in the succeeding five months has been as follows:

	Budget Estimate 1928-29	Monthly Average of Budget Estimate	1928					Total
			April	May	June	July	August	
	In thousands of Reichsmarks							
Customs..	1,200,000	100,000	81,874	83,446	88.973	154,215	88,049	496.557
Tobacco..	780,000	65,000	55,074	78.453	59,201	69,723	77.123	339,574
Beer.....	370,000	30,833	27,858	30,832	28,152	34.588	36 469	157.899
Alcohol ..	270.000	22,500	18,798	20.299	20,812	19.670	20.749	100,328
Sugar....	140,000	11.667	11.052	12.204	10.568	12.935	13.695	60.454
Total..	2.760,000	230,000	194.656	225,234	207,706	291.131	236.085	1.154.812

The great development of the yield of the controlled revenues since the beginning of the Plan is shown in the following figures:

	Reichsmarks
1st year	1,702,578,000
2nd year	1,968,593,000
3rd year	2,723,918,000
4th year	2,852,491,000[1].

The receipts in the fourth year were 67 % higher than those of the first year, and represent 228 % of the full budgetary contribution of 1,250 million gold marks payable in the fifth annuity year.

The receipts in the five months under review were slightly below those in the same months of 1927. As will be seen from the following figures, however, only Customs and sugar tax receipts showed a decline, and the drop in the latter, which is the result

1) This figure differs slightly from the total obtained by the addition of the figures in the preceding tables in that it takes into account the adjustments made by the Finance Ministry at the close of the financial year.

of the halving of the rate of the tax, was greater than the total decrease from the five revenues:

	April-August 1927	April-August 1928
	In thousands of Reichsmarks	
Customs	532,364	496,557
Tobacco	303,070	339,574
Beer	143,197	157,899
Alcohol	97,574	100,328
Sugar	116,551	60,454
	1,192,756	1,154,812.

Since April 1927 the following legislative changes in taxation affecting revenue to an appreciable extent have been introduced: the halving of the sugar tax rate as from August 1, 1927; the increase of the alcohol tax from 280 marks to 330 marks per hectolitre as from June 1, 1927; and the new tobacco law of March 31, 1928, as a result of which, as mentioned in my last report, some 3 million marks per month in additional receipts might be expected until December 1929. If allowance be made for these factors and for seasonal influences, the following table of average monthly receipts in the three periods covered by this and the two preceding reports shows that, except in the case of Customs receipts, the separate revenue yields have been satisfactorily steady:

	Monthly Average Receipts		
	April—August 1927	Sept. 1927—March 1928	April—August 1928
	In thousands of Reichsmarks		
Customs	106,473	102,660	99,311
Tobacco	60,614	70,125	67,915
Beer	28,639	31,005	31,580
Alcohol	19,515	23,350	20,066
Sugar	23,310	15,425	12,091
Total	238,551	242,565	230,963

The total receipts in the five months under review were 4.8 million marks above five-twelfths of the budget estimates for 1928-29. The corresponding excess at the end of August, 1927, was approximately 190 million marks. In my last report I mentioned that the estimates for 1928-29 would "probably prove to have been framed with much greater closeness than those of the years immediately preceding". A study of the development of the separate revenue sources seems to indicate that the decrease in the Customs revenue for the whole year is likely to counterbalance any excess of revenue over estimates from the other sources, and that the total revenue collected will, in the absence of unforeseeable changes, not differ widely from the estimated figure.

(2) The following table gives data respecting consumption and receipts in the case of tobacco, beer, sugar, and alcohol. Certain figures which have appeared in previous tables of this character have been brought up to date and all the figures are given subject to the same reserves as were contained in earlier reports on this subject.

	Tobacco	Beer	Sugar	Alcohol
	Weight of raw tobacco	Volume irrespective of quality and alcoholic content	Weight of refined sugar	Volume of pure alcohol (exclusive of tax-free alcohol)
1. Pre-war consumption and revenue for periods of 12 months: [1]	July 1912/June 1913	April 1913/ March 1914	September 1913/ August 1914	October 1912/ September 1913
Consumption	114,000 tons	68,500,000 hl.	1,290,000 tons	1,870,000 hl.
Consumption per caput	1.7 kgs.	102 litres	19.0 kgs.	2.8 litres
Revenue (in marks)	183,000,000 [3]	227,000,000	180,000,000	215,000,000
Average fiscal burden per unit of consumption	1.60 marks per kg. [3]	3.30 marks per hl.	0.14 marks per kg.	115 marks per hl.
2 Consumption and revenue in 1925-26, 1926-27 and 1927-1928 for periods of 12 months: [2]		July/June	September/August	October/September
Consumption 1925–26	115,000 tons	46,700,000 hl.	1,290,000 tons	726,000 hl
Consumption 1926–27	125,000 -	49,000,000 -	1,370,000 -	929,000 -
Consumption 1927–28	128,000 -	52,400,000 -	1,460,000 -	909,000 -
Consumption per caput 1925–26	1.8 kgs.	75 litres	20.5 kgs.	1.2 litres
Consumption per caput 1926–27	2.0 -	78 -	21.7 -	1.5 -
Consumption per caput 1927–28	2.0 -	83 -	23.0 -	1.4 -
Percentage of pre-war figure 1925–26	106 %	74 %	108 %	43 %
Percentage of pre-war figure 1926–27	118 %	76 %	114 %	54 %
Percentage of pre-war figure 1927–28	118 %	81 %	121 %	50 %
Revenue (in marks.) 1925–26	636,000,000 [3 4]	255,100,000	227,800,000 [4]	186,500,000
Revenue (in marks.) 1926–27	826,000,000 [3 5]	255,000,000 [4]	291,800,000	250,900,000
Revenue (in marks.) 1927–28	897,000,000 [3]	368,600,000	168,400,000	271,300,000
Average fiscal burden per unit of consumption 1925–26	5.50 marks per kg. [3 4]	5.50 marks per hl.	0.18 marks per kg. [4]	257 marks per hl.
Average fiscal burden per unit of consumption 1926–27	6.60 - - - [3 5]	5.20 - - - [4]	0.21 - - -	270 - - -
Average fiscal burden per unit of consumption 1927–28	7.00 - - - [3]	7.00 - - -	0.12 - - -	298 - - -
Percentage of pre-war figure 1925–26	344 % [4]	167 %	129 % [4]	223 %
Percentage of pre-war figure 1926–27	412 % [5]	158 % [4]	150 %	235 %
Percentage of pre-war figure 1927–28	437 %	212 %	86 %	259 %

[1] Pre-war territory.
[2] Present territory.
[3] Inclusive of customs duties on tobacco raised during the period.
[4] Abnormally reduced by extra delay allowed for payment of tax introduced during the year.
[5] Abnormally increased in consequence of payments on account of a non-recurrent tax (»Nachsteuer«).

A study of the table shows that in 1927-28 there has been an increase in the absolute amounts consumed of beer (7 %), sugar (7 %), and tobacco (2 %), and a slight decrease in the consumption of spirits subject to tax (2 %). In the case of tobacco the increase in consumption has merely kept pace with the increase in population and does not result in a higher figure of per caput consumption. A reference to the figures given in a later section of the report will show that the relatively small increase in the weight of tobacco consumed has been accompanied by a much greater increase (10 %) in the retail value of tobacco consumed. Since some 75 % of the tobacco revenue is produced by *ad valorem* taxation, it is this increase in the retail value which is the principal reason for the growth in tobacco revenue. The taxes on beer, sugar and spirits are on the other hand specific. In the course of the last three years the yield has been directly affected by modifications in rates, namely: in the case of beer an increase of about 33 %, which came into force on January 1, 1927; in the case of sugar a decrease of 50 %, which came into force seven months later; and in the case of spirits an increase of 18 %, which came into force on June 1, 1927. It must further be remembered that owing to an extension of the period granted for the payment of taxes, one and a half months receipts from sugar were lost in 1925-26 and from beer in 1926-27.

III.

(1) In the period under review there has been a drop in customs receipts, even though in the month of July they attained the record figure of 154 million marks. The monthly yield has been 99,311,000 marks, compared with 106,473,000 marks for the same period a year ago and 102,660,000 marks for the period from September 1927 to March 1928. The average monthly yield for the fourth year of the Plan at 101,251,000 marks is none the less higher than that of the third year, which was 94,067,000 marks The chief cause of the decrease in the last five months is a slackening in the importation of cereals. My last report mentioned and explained the unexpected increase in cereal imports during the months from September 1927 to March 1928. As was to be expected, these imports did not reach in the remaining five months of the fourth year the level which is usual for this period of the calendar year, and this can be seen from the following figures of customs receipts from the chief cereals, malt (unroasted and unground), unpolished rice, peas and beans:

3 Inclusive of customs duties on tobacco raised during year of tax introduced during the year.
4 Abnormally reduced by extra delay allowed for payment of tax.
5 Abnormally increased in consequence of payments on account of a non-recurrent tax (Sachsteuer).

	Sept. 1927—August 1928			Sept. 1926—August 1927		
	Gross receipts	»Einfuhrscheine« accepted in payment	Nett receipts	Gross receipts	»Einfuhrscheine« accepted in payment	Nett receipts
	In thousands of Reichsmarks			In thousands of Reichsmarks		
Monthly average from September to March	23.955	3.126	20.829	18.247	2.670	15.577
April	22.293	3,589	18.704	25,551	1,119	24,432
May	17,678	3,663	14,015	28.950	1,287	27.663
June	18,792	4.381	14.411	31,827	1,802	30.025
July	20,824	2,164	18,660	33,312	581	32,731
August	20.227	1,589	18,638	23,583	687	22,896
Monthly average from April to August	19.963	3,077	16,886	28.644	1.095	27,549
Monthly average for the year	22,292	3,106	19.186	22,579	2,014	20,565

The customs receipts from these products in the first seven months of the fourth annuity year exceeded those of the first seven months of the third annuity year by 37 million marks, while in the five months following the receipts of the fourth year as compared with those of the third disclosed a drop of 53 million marks. It is plain that in the absence of an unusual movement in cereal importations, the excess of 37 million marks collected during the first seven months would have been spread over the following five months, and in that case the monthly average yield from customs during the period under review would have exceeded that during the same period of the preceding year. There is thus in reality no justification for speaking of a decrease in the yield of customs, but rather of a cessation of the upward movement which was particularly marked in the second and third annuity years and was also evident in the first half of the fourth annuity year. The following table shows, moreover, that imports, which at the end of the calendar year 1927 and beginning of the calendar year 1928 reached a record level, were almost equal during the period covered by this report to those taking place in the same period of the calendar year 1927:

Imports	Average Monthly Value In millions of Reichsmarks						
	Second half of 1926	First half of 1927	July-Sept. 1927	Oct.-Dec. 1927	Jan.-March 1928	April-June 1928	July-Aug. 1928
1. Livestock	12.8	14.3	14.4	16.0	12.8	11.1	9.5
2. Foodstuffs and beverages	343.0	346.0	378.0	380.1	367.9	323.9	362.7
3. Raw materials and semi-manufactured goods	471.9	580.5	587.1	634 9	666.7	585.4	576.6
4. Finished goods	131.3	182.1	225.0	233.0	231.4	202.6	184.2
Total	959.0	1,122.9	1,204.5	1,264.0	1,278 8	1,123.0	1,133.0

During the last five months there has been an appreciable decrease in the importation of semi-manufactured and finished goods, and more particularly in textile goods and manufactured iron. The protection accorded to agriculture mentioned in my last report, which consists principally in an increase in the duties on maize intended for industrial purposes and in the reduction of the amount of frozen meat allowed to be imported free of duty, has been one of the causes for the decrease in the importation of maize and meat. On the other hand motor cars, motor bicycles and various machines have been imported in larger quantities. Further, certain luxury articles of consumption have brought in slightly more revenue, as may be seen from the following figures:

	Average Monthly amount of duties raised		
	April—August 1927	Sept. 1927—March 1928	April—August 1928
	In thousands of Reichsmarks		
Raw coffee	13,245	13,580	14,066
Raw tobacco	6,552	6,766	7,342
Cocoa	1,634	2,317	1,899
Tea	883	1,079	867
Total	22,314	23,742	24,174

Future customs receipts, dependent as they are on general economic conditions, are necessarily hard to estimate. It is in any case to be expected that there will be a decrease in the yield of duties on cereals, this year's harvest having been favourable both in quantity and quality. According to provisional figures recently published, the harvest of bread cereals in particular exceeds that of the year 1927 by 10.7 million metric quintals, or by 10.4 %. It is to be noted, further, that steps have been recently taken semi-officially to finance the harvest and prevent fluctuations in price of home-grown cereals which, if successful, will probably result in importations being spread more evenly over the year.

Commercial agreements, which are not calculated to have any marked influence on customs receipts, have been concluded with Siam, Lithuania and France. It is worth noting that the agreement concluded with France contains a list of certain industrial goods the duties on which the German Government states its intention of asking the legislature to lower. What the German Government has in mind is the autonomous reduction of certain duties, to which reference has been made in the two preceding reports of this series. The Government have finished the preparation of the Bill respecting these modifications in the tariff, and laid it before the Reichstag. No agreement has yet been arrived at between Germany and Poland in the negotiations for a commercial agreement, in

which one of the most important points is the granting of more favourable conditions for the importation into Germany of hogs and hog products.

(2) In the course of the first four years of the plan the taxes on tobacco have yielded the following sums:

	1924-25	1925-26	1926-27	1927-28
	In thousands of Reichsmarks			
Ad valorem tax on manufactured tobacco..	585,364	505,544	618,041	691,410
Tax on leaf tobacco introduced into cigarette factories ("Materialsteuer")	—	26,274	128,179	138,900
Tax on cigarette tobacco and cigarettes in factories and warehouses on October 1, 1925 ("Nachsteuer")	—	55,324	35,957	
Tax on tobacco substitutes	11	64	93	100
Total	585,375	587,206	782,270	830,410

It should be remembered in connection with these figures that the yield of the "Nachsteuer", amounting as shown above to approximately 36 million marks in 1926-27, relates almost entirely to tobacco consumed in 1925-26. If the above amount is added to the receipts of 1925-26 and deducted from those of 1926-27 it can be seen that the yield of the tax has increased from one year to the next with considerable regularity. Since April 1, 1928, receipts from "Nachsteuer" are no longer shown separately in the accounts from "Materialsteuer", but, inasmuch as the former has during the last eighteen months represented little more than insignificant arrears, the figure of 138.9 million marks shown for 1927-28 can be regarded as representing almost exclusively the amount of "Materialsteuer" collected. In the first five months of the budget year 1928-29 the tax on tobacco has produced 340 million marks, or an average of 68 millions a month. The monthly average of the seven preceding months was somewhat higher (70 millions), but the monthly averages in the two periods are not comparable without qualification. On the one hand the earlier period benefits by including the Christmas market; on the other hand the receipts obtained in the months covered by this report include instalment payments, which must be regarded as extraordinary, under the new cigarette tax regulations explained in my last report, for banderoles issued between February 1 and March 15 last. If the latter payments are deducted the monthly average is about 65 millions, which compares favourably, however, with an average of 61 millions for the corresponding period one year ago.

Figures of consumption attest the continuance of the tendencies previously noted, namely, a general increase in the quantities sold and a slight upward movement in prices. The following figures are taken from the statistics of banderoles sold: in several cases slight corrections based on later information have been made in the figures given in previous reports.

Quarter (Calendar Year)	Quantities taxed						Retail value (including tax) of taxed tobacco In millions of Reichsmarks					
	Cigars		Cigarettes		Cut tobacco		Cigars	Cigarettes	Cut tobacco	Chewing tobacco and snuff	Total	
	millions				tons							
1925	5,995		31,412		32,133		814	1,200	186	56	2,256	
1926 1st quarter	1,100	5,682	6,056	28,338	8,321	37,647	141	276	48	14	479	2,303
1926 2nd -	1,319		7,374		9,349		173	749	331	1,277	55	218	15	59	574	
1926 3rd -	1,492		7,696		10,029		194	343	58	15	610	
1926 4th -	1,771		7,212		9,948		241	327	57	15	640	
1927 1st quarter	1,397	6,387	6,874	31,033	9,176	38,704	182	314	54	14	564	2,592
1927 2nd -	1,577		8,120		9,855		211	862	376	1 442	59	230	15	58	661	
1927 3rd -	1,635		8,247		10,232		219	382	60	15	676	
1927 4th -	1,778		7,792		9,441		250	370	57	14	691	
1928 1st quarter	1,644		8,610		8,980		222	409	55	14	700	
1928 2nd -	1,604		7,494		9,300		221	362	57	14	654	

The particularly high figure for cigarettes taxed in the first quarter of the year 1928 cannot be taken as indicating the trend of consumption at that time. It was explained in my last report that the law of March 31, 1928, reduced the period allowed for the payment of the cigarette tax, and in order to avoid a sharp accumulation of payments spread the payment of the tax due on banderoles issued between February 1 and March 15 last over a period of some twenty months. While the law was under discussion the cigarette factories provided themselves with large numbers of banderoles, hoping that it would be possible for them under a changed system to pay for the banderoles thus acquired by instalments over a long period. Retailers for their part had probably increased their stocks in case the amount of discount allowed to them by the manufacturers should be restricted by legislative or administrative action. The result was an abnormal increase in the sale of banderoles, followed naturally enough by a marked decrease in the succeeding quarter. That consumption has none the less increased appears from the fact that in the first six months of 1928 16.1 milliard cigarettes were taxed, as compared with 15 milliards in the corresponding period of 1927.

The average retail price of cigarettes increased from 4.63 pfennigs for the second quarter of 1927 to 4.82 pfennigs in the second quarter of 1928. Until October 1, 1925, when the system of taxing cigarettes partly by a tax on the raw material and partly by an *ad valorem* tax on the manufactured article was introduced, cigarettes at 2, 3, 4 and 5 pfennigs accounted for the greater part of the consumption. The introduction of the "Materialsteuer" or tax on the raw material led not only to the virtual disappearance of the 2 pfennig cigarette but to a certain movement in consumption in favour of the dearer cigarettes. It is of interest to note that this movement has continued almost without interruption since the summer of 1926, quite apart from any modification in the rates of the tax, with the result that to-day the 3 pfennig cigarette has almost passed out of consumption and the 5 pfennig cigarette, the importance of which has continued to grow, accounts for more than half of the total consumption, as shown by the following table:

	Percentage of total consumption at prices indicated				
	2 pf	3 pf	4 pf	5 pf	6 pf
January — March 1925 ..	9.0	32.0	19.0	19.3	5.9
July — September 1926..	1.8	15 3	33.3	39.5	7.6
October — December 1926	1.9	12.4	33.1	41.0	8.4
April — June 1927	1.5	9.4	31.5	46.1	8.7
October — Decemb er 1927	1.4	5.6	30.3	49.0	10.7
April — June 1928	0.7	3 8	26.9	53.9	11 7

In my last report I noted that with the coming into force of the law of March 31, 1928, the cigarette factories regained complete commercial freedom. The most noticeable result up to the present

has been a marked extension in the amount of advertising done by the large firms, the financial situation of which was in general consolidated last year. The movement towards concentration and the elimination of small firms continues. The practice indulged in by the retail trade of selling cigarettes below the price fixed by the manufacturer also continues more or less unabated. Efforts, which have hitherto been unsuccessful, to check the abuse by agreement between the retailers and manufacturers are being renewed.

(3) The average yield of the beer tax during the period of five months covered by this report was 31,580,000 marks, as compared with 28,639,000 marks for the same period last year. The sums collected represent tax on beer released for consumption in the months from February to June; the increase in the yield is due to a marked increase in consumption during the period from January to June 1928, which tendency continued in the second quarter of 1928-29, as is shown by the following figures, which in certain cases have been corrected in the light of information recently published by the Statistical Office:

Financial year April-March	Total production		Imports		Exports		Consumption	
	In thousands of hectolitres							
1924-25	38,149		156		515 [1]		37,758	
1925-26	47,560		186		497 [2]		47,215	
1926-27	48,341		177		544 [3]		47,962	
1st quarter of 1927-28	13,523		42		137		13,428	
2nd - - 1927-28	15,316	51,608	59	194	144	553	15,231	51,249
3rd - - 1927-28	11,186		37		129		11,094	
4th - - 1927-28	11,583		56		143		11,496	
1st - - 1928-29	14,645		40		145		14,540	
2nd - - 1928-29	16,821		62		141		16,742	

[1] In addition, 32,000 hl. consumed by the occupation troops.
[2] - - 34,000 hl. - - - - - -
[3] - - 12,000 hl. - - - - - -

The breweries, or those at least which are limited liability companies and consequently publish a balance sheet, would appear to be in a flourishing financial condition. The breweries in question are about 300 in number with a capital of almost 500 million marks, and represent more than two-thirds of the total production. For the year ending September 30, 1927, they distributed an average dividend of 10 % after having in most cases devoted considerable sums to writing off, and it appears likely that they will show at least equal profits for the succeeding year.

It is to be noted that the provisions of § 4 of the law of July 26, 1918, which established rations of production for the breweries, will lapse as from April 1, 1929, in the absence of further legislative

action, which must be counted upon as a possibility. The principal reason for the institution of rations was to facilitate the recovery of the small and medium sized breweries which suffered particularly in the war. In order to restrict competition and to prevent the creation of new breweries, the above law confined the grant of rations to breweries established before April 1, 1918, fixed rations for each of the breweries on the basis of its former production, and provided that quantities produced in excess of the ration should be subject to tax at special rates, which are at present twice as high as the normal rates. It is naturally the small or medium sized breweries which are most interested in the retention of the system.

The increase in the sale price of beer which followed the increase in the tax in 1927, has been accompanied by an increase in the number of "Hausbrauer," or brewers of beer for their own domestic purposes, whose produce enjoys the exemption from tax accorded by law to the home consumption of proprietors of private breweries. Information recently published shows that there were 25,149 domestic producers, almost all in Bavaria or on the borders of Bavaria, who produced in the budget year 1926-27 a quantity of 300,000 hectolitres, practically the whole of which was exempt from tax. In the event of any further increase in the beer tax, the extension of domestic brewing, if steps are not taken to limit it, might seriously affect the yield. If, in addition to the untaxed consumption by private brewers, including "Hausbrauer," account is taken of beer issued free of tax to brewery workers, it would appear that at present nearly 2 % of the beer produced pays no tax.

(4) It will be remembered that it was proposed to reduce the sugar tax from 21 to 14 marks and at the same time to raise the customs duty from 10 to 15 marks per 100 kilos. When making this proposal the Finance Minister stated that the fall in price which might be expected from the lower tax would probably not be offset by the increase in the customs duty to an extent greater than two-thirds of the latter, or 3.3 pfennigs a kilo. When on August 1, 1927, the customs duty was raised to 15 marks the sugar tax was reduced, not to 14 marks, but to 10.50 marks per 100 kilos. With constant world prices this would have entailed, on the Minister's estimate, a nett decrease of 7.2 pfennigs per kilo, this representing the difference between the tax relief of 10.5 pfennigs and two-thirds of the increased customs duty, or 3.3 pfennigs. In fact retail prices at Magdeburg have, in sympathy with lower world prices, averaged as much as 8.7 pfennigs per kilo less than in the previous year. In the meantime consumption in the fourth annuity year when compared with the previous year, which had one month of reduced taxation, exhibits an increase of 6.9 %—not even as great as the 10 % which the fiscal authorities had estimated for even when proposing to reduce the tax to only 14 marks, with the higher retail prices which this would have involved.

Nevertheless per caput consumption in Germany has been steadily increasing during the past few years and now amounts to 23 kilos per head, calculated in terms of refined sugar, compared with 19 kilos in 1913-14. This average is still very much less than that prevailing in most of Northern Europe and the U. S. A.

Tax collections during the period under review have been satisfactory and arrears of the sugar tax outstanding have been materially reduced. If consumption continues to increase by say 5 % sugar tax receipts for the financial year 1928-29 will probably yield an excess of some 20 million marks over the estimates, which even at the time of my last report appeared to have been fixed too low.

(5) In the course of the first four years of the Plan the alcohol monopoly brought in the following sums:

1924-25	164	million marks,
1925-26	177	» »
1926-27	252	» »
1927-28	264	» » .

The slight increase observable in 1927-28 is explained by the increase in the tax which came into effect on June 1, 1927, and by an increase in the nett profits of the monopoly, two points which have been touched upon in previous reports, and not by an increase in consumption; on the contrary, consumption of taxed spirits has slightly diminished, as appears from the figures given below. It is possible that the laying in of stocks of 1926-27 affected the sales of last winter, in which case the diminution referred to is more apparent than real. The following are the figures of consumption for the last four years:

Season Oct. 1—Sept. 30	Taxed Spirits		Spirits not subject to tax	Total Consumption
	at full rate[1]	at reduced rate[2]		
	Hectolitres of pure spirit			
1924-25.....	632.800	52.200	1,069,400	1,754,400
1925-26.....	685,900	40.500	1,156,800	1,883,200
1926-27.....	878.700	50.500	1,485,600	2.414,800
1927-28[3]	858.200	50.900	1,685,400	2,594,500

[1] Principally potable spirits.
[2] Principally spirits for perfumery and medicines.
[3] Provisional figures.

It will be observed that the consumption of spirits not subject to tax shows an unbroken increase, which applies both to domestic spirits as well as spirits used for industrial purposes in general.

The production of spirits in the season 1927-28 reached a figure of 2,790,000 hectolitres, which constitutes a record for the period since the establishment of the monopoly, and roughly corresponds to the quantity produced before the war in Germany's present territory. The large production of this season is due to the increase in the ration of production allowed to the distilleries, which was fixed at 100 % of the standard ration for the first time since the stabilisation. At the end of March, as mentioned in the last report,

the ration was even increased to 130 %, but at too late a date in the season to permit all the distilleries to take full advantage of the increase.

In the course of last season the monopoly took delivery of 2,582,000 hectolitres and sold 2,421,000 hectolitres, as compared with 1,700,000 and 2,312,000 hectolitres respectively in 1926-27. The sales of the last four seasons were made up as follows:

	Season			
	1924-25	1925-26	1926-27 [1]	1927-28 [2]
	Hectolitres of pure spirit			
1. Taxed Spirits:				
Spirits sold at the so-called "normal" price (mainly potable spirits)	552,000	562,000	695,000	663,000
Spirits for pharmaceutical purposes and for perfumes	53,000	42,000	52,000	52,000
2. Tax-free Spirits:				
Spirits for the manufacture of vinegar	129,000	133,000	144,000	140,000
Denatured spirits, spirits for industrial purposes	886,000	925,000	1,174,000	1,366,000
Spirits for motive power	54,000	99,000	167,000	180,000
Total sales for internal consumption	1,674,000	1,761,000	2,232,000	2,401,000
3. Spirits for export	268,000	533,000	80,000	20,000
Total	1,942,000	2,294,000	2,312,000	2,421,000

[1] Corrected figures.
[2] Provisional figures.

It will be observed that the only spirits of which increased quantities were sold last season were denatured spirits, and spirits for motive power. Serious efforts have been made to develop the use in Germany of a motive spirit called "Monopolin", the composition of which is the result of careful research. The spirits necessary are sold by the monopoly, as mentioned in previous reports, at a very low price in order that the carburant may be marketed as favourably as petrol. So far the sales have not obtained significant proportions and any increase is not more than could be accounted for by the increase in the number of motor cars; from July 1, 1926, to July 1, 1928, the number of motor vehicles registered in Germany increased from 572,000 to 933,000.

On September 30 last the monopoly's stocks amounted to approximately 500,000 hectolitres, which is considered to represent the quantity required by the monopoly until large deliveries come forward from the new season's production. The ration of production of private distilleries for 1928-29 has been fixed at 100 % of the standard.

In my report of May 7, 1926, I explained in outline the manner in which the alcohol monopoly functioned. It would perhaps not be out of place to summarise the results of the system since the

stabilisation of the mark from the standpoint of the monopoly regarded as a trading concern. The purchase price paid by the monopoly to the distilleries varies considerably as between private distilleries and monopoly distilleries and in accordance with the amount produced, with the raw materials used, and with the alcohol content of the spirits delivered, etc. On the average in the last three seasons the monopoly has paid for unrectified spirits a little more than 50 marks per hectolitre of pure alcohol, a certain tendency towards an increase in the average purchase price being observable from year to year. In the season just ended, the accounts for which have not yet been published, it is probable that the price will be in the neighbourhood of 60 marks, and for the season of 1928-29 the basic price—which has in the past not been very different from the average price—has been fixed at 64 marks. The highest prices are paid to the small distilleries, special supplements ranging up to 30 % of the basic price being accorded by law to the distilleries with an annual production of not more than 300 hectolitres. Lower prices are paid to the large and medium sized distilleries using potatoes, which account for the greater part of the production, and slightly lower prices again to industrial distilleries; finally the lowest prices of all are those paid in accordance with private contracts to the monopoly distilleries, which utilise the residue left in the manufacture of cellulose. It should be added that the spirits delivered by these last named distilleries, as well as spirits obtained from the distillation of molasses, which represent the greater part of the production of the industrial distilleries, is unsuited for potable consumption, which is supplied in part by potato spirits resold by the monopoly after rectification and in part by fruit and grain spirits which are not delivered to the monopoly and may be dealt in freely after payment of the tax.

The purchase price paid to the distillery is the most important part, but not the whole, of the monopoly's cost price of production, which is increased by a number of trading expenses and in particular by the expense of rectification and by a share of the monopoly's overhead charges. Roughly it may be said that the average purchase price must be increased by 20 marks to obtain the monopoly's cost price of production; as the quantities sold increase, however, these miscellaneous costs diminish in terms of cost per hectolitre and this diminution has compensated for the increase indicated in the purchase price, with the result that during the last three seasons the average cost price of production has remained stable around 74 marks.

On the other hand the average sale price has varied considerably from one season to another as a consequence both of changes in the prices fixed for various categories of spirits and in the proportions in which these various categories have been sold. Almost throughout the season 1924-25 the "normal" sale price was 480 marks, of which 280 marks was transferred to the Reich as tax and 200 marks retained by the monopoly. In that season the monopoly's average sale price, after deduction, in the case of taxed spirits, of the tax transferred to the Reich, was slightly above 80 marks or distinctly higher than the average cost of production. In 1925-26 on the other hand, in

which year the monopoly exported considerable quantities of spirits at very low prices and in which the normal sale price was lowered from 480 to 430 marks, leaving only 150 marks to be retained by the monopoly, the average sale price was 10 marks less than the average cost of production, which amounted to 74 marks. In the season 1926-27 there were no large exports, the sales of taxed spirits, on which the monopoly makes a large profit, increased in the same proportion as the sales at reduced prices, and the proportion of the normal price retained by the monopoly was raised from 150 to 170 marks as from June 1, 1927, when the tax was increased from 280 to 330 marks, with the result that the average sale price was roughly equal to the average cost of production.

For two reasons, however, the results as shown in the accounts published by the monopoly for these three seasons differ considerably from those which the considerations mentioned above might lead one to expect.

In the first place the monopoly regularly enjoys important receipts from its share in the yield of the taxes imposed on imported spirits and on spirits produced in Germany and left at the disposal of the distiller. These two categories of spirits are logically assimilated to potable spirits sold by the monopoly, in that they are called upon to contribute towards making good the losses incurred in sales at reduced prices, and they have to pay not only the tax which is paid by the monopoly on its own sales of taxed spirits but also a supplementary charge for the benefit of the monopoly equal to the nett profit per hectolitre realised on those sales. The amount of the sums thus obtained, which was for instance 19 million marks in 1926-27, has an important influence on the financial results of each season.

In the second place, at the opening of each of the years under consideration the monopoly held large stocks from which a certain proportion of the sales of each year were drawn. The amount of the profit realised on sales thus made from stocks carried over from previous years is not determined by the difference between the sale price and the average cost of production, but by the difference between the sale price and the value at which the stocks were carried over. If large stocks are valued in the balance sheet at the end of the season at a figure other than their average cost of production, the difference entirely alters the aspect of the season's financial results. The season 1924-25 brought some disappointment in that the consumption of potable spirits remained well below the pre-war level, and the monopoly was obliged to carry over at the end of the season stocks almost as unduly large as were carried over at the beginning of the season. It was therefore considered prudent in making up the balance sheet on September 30, 1925, to effect a further reduction in the figure, which was already low, previously adopted for the valuation of stocks, in view of the fact that it was uncertain on what conditions they could be liquidated. The profits for 1924-25 were almost entirely wiped out by this writing down of stocks and were shown in the balance sheet at only 2 million marks. On the other hand, the procedure adopted

appreciably improved the accounts for 1925-26; in the first place the sale of the stocks thus valued at a low figure produced an appreciable profit, and in the second place the diminution in the stocks on hand made it possible for the monopoly to value them at a slightly higher figure in the balance sheet of September 30, 1926. The final result of 1925-26 was a nett profit of 1,700,000 marks, but it is easy to realise that in reality the season would have resulted in a deficit if it had not benefited from the realisation of a book profit resulting from the low valuation of the stocks on hand when the season began.

The season 1926-27 on the other hand was for various reasons an excellent one; the normal price was increased during the second part of the season, exports diminished considerably and above all the falling off of production enabled the monopoly to sell the larger part of its stocks at a considerable profit, to which must be added 19 million marks obtained from the imported alcohol and home produced alcohol not delivered to the monopoly. The larger part of the profits, as explained in my last report, has been devoted to constituting working capital of which the monopoly was in need and various reserves, but even so a nett profit of 7 millions was paid over as part of the controlled revenues.

The season 1927-28 was less favourable, even though throughout the period it benefited from the increase in the normal sale price and for part of the period from the increase in the price of alcohol for industrial or domestic use, which came into force on March 30, 1928. It may however be observed that in the balance sheet of September 30, 1927, the figure at which stocks were valued was not increased and that this figure, which is less than 20 marks per hectolitre and therefore remarkably low, would not appear to be any longer justified by the situation of the monopoly.

On October 1, 1924, which was the date of the first balance sheet in Reichsmarks, the monopoly possessed assets amounting to 18,500,000 marks, shown in the balance sheet as reserves and consisting principally in stocks accumulated at the end of the inflation period. Three years later these assets amounted to 50,500,000 marks, an increase of 32 million marks derived entirely from the seasons 1924-25 and 1926-27. It should be added, however, that the monopoly will soon be called upon to face appreciable expenditure as a result of the revalorisation in accordance with a legal decision of various indemnities granted in the law which set up the monopoly.

The financial situation of the monopoly is of particular interest in that it determines the sale price of taxed spirits, and this price has a direct effect on consumption and consequently on the yield of the duty. The financial history of the monopoly, as may be seen from the above, has been a checkered one since the close of the inflation period. The instability which has prevailed is a result of particular factors explained above but it is none the less in a certain degree inherent in the system of the monopoly, for the purchase and sale prices must be fixed before the opening of the season at a time when the result of the potato harvest is not known and when it can only be approximately foreseen what quantity of

potatoes will be distilled and what will be the proportion between the quantities of spirits sold at a profit and those sold at a loss. This state of affairs is partly due to the dependence of production on the potato harvest and in part to the policy followed in fixing sale prices. Without enlargement of these two points, which were discussed in some detail in my report of May 7, 1926, it may be observed that an increase in consumption of spirits not subject to tax if continued on the same scale as in previous years may gradually lead to an abandonment of the policy hitherto followed in fixing sale prices, both because it will be increasingly difficult to follow it on financial grounds—the price of the most important of the categories of spirits sold at reduced prices has already been slightly raised—and because it would no longer be necessary to sell at such a loss in order to stimulate consumption.

The Bill for the reform of the monopoly is still formally before the Reichstag. The new Government has not yet made known whether it intends to withdraw it in favour of other proposals, modify it, or simply to demand discussion of the text as adopted by the Reichsrat.

IV.

During the period covered by this report the accounts relating to the controlled revenues were examined at the Oberfinanzkassen Darmstadt, Königsberg, and Münster, and at several ordinary Kassen. At all of these offices it was found that the revenues are correctly accounted for and that the remittances to my account are made with satisfactory promptness.

Signed: ANDREW McFADYEAN.

Reserve Fund accumulated in Accordance with Chapter III of Annex I to the Agreement of August 9, 1924

Reserve Fund accumulated in Accordance with Chapter III of Annex I to the Agreement of August 9, 1924 between the Reparation Commission and the German Government.

Income and Expenditure Account for the Fourth Annuity Year ended August 31, 1928.

(Expressed in Reichsmarks)

Expenditure	Amount		Income	Amount	
Amounts applicable to the German Government in respect of interest earned on Investments (less taxes and expenses), after completion of the Reserve Fund:			Amount at credit of Reserve Fund at August 31, 1927		22,703,797.99
Transferred to German Government..	2,040,495.51		Amounts retained from the yield of Controlled Revenues		76,172,353.26
Collected or accrued but not paid at August 31, 1928	1.494.710.77	3,535,206.28	Interest earned on Investments	4,808,675.68	
Balance carried down		99,689,000.00	Less :—		
			Tax *(Kapitalertragsteuer)*	375,149.43	
			Expenses of purchase of investments	75,396.22	
			Charges for safe custody of Investments	10,075.00	460.620.65
		103,224.206.28			4,348,055.03
					103,224,206.28

Balance Sheet as at August 31, 1928.

(Expressed in Reichsmarks)

Assets	Amount		Liabilities	Amount
Investments				
Mortgage Bonds at cost maturing 1929-31	65,900,000.00		**Reserve Fund** accumulated in accordance with Chapter III of Annex I to the Agreement of August 9, 1924 between the Reparation Commission and the German Government, being Reichsmark equivalent of G.M. 100,000.000 at the fine gold rate of August 31, 1928	99,689,000 00
Treasury Bills maturing not later than November 30. 1928, Nominal value R.M. 35,150,000.00 cost	34.564.656.25	100,464,656.25		
Cash at Bank		60,265.63		
Interest Accrued less tax thereon		658.788.89	**Due to the German Government**	1.494,710.77
		101,183,710.77		101,183,710.77

We have audited the Books and Accounts of the Reserve Fund of the Commissioner of Controlled Revenues for the fourth annuity year ended August 31, 1928 and certify that the above Balance Sheet and relative Income and Expenditure Account are correctly prepared therefrom and properly set out the financial position of the Fund at August 31, 1928 and the Income and Expenditure during the year ended that date.

Berlin, October 2, 1928.

PRICE WATERHOUSE & CO.

REPORT

OF THE

TRUSTEE

FOR

GERMAN INDUSTRIAL DEBENTURES

November 15, 1928

Berlin

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Translation.

Report of the Trustee for German Industrial Debentures.

(September 1, 1927 — August 31, 1928.)

On August 31, 1928, the fourth year of application of the Experts' Plan came to an end (September 1, 1927—August 31, 1928).

The interim report of May 15, 1928, indicated the regulations adopted by the Government of the Reich up to that date and the definitive accounts up to December 31, 1927, of the Bank für deutsche Industrie-Obligationen.

The object of the present report, covering the period from September 1, 1927, to August 31, 1928, is to explain the operations entailed by the application of the Industrial Charges Law (Industriebelastungsgesetz), and to give some information on the development of the concerns subject to the industrial charge and on the output of industry in general.

I.

Decrees promulgated by the German Government.

The decrees promulgated by the German Government for the purpose of ensuring *the application of the Industrial Charges Law* (Industriebelastungsgesetz) during the period under report are *four* in number. Three of them (the *tenth*, the *eleventh* and the *twelfth*) were examined in detail in the interim report of May 15, 1928; here, therefore, we shall merely describe them in outline.

The object of the *tenth* decree is to regulate the execution of the provisions of Article 49 paragraph 1 of the law concerning the cession of component parts of the working capital (*Betriebsvermögen*) of concerns liable to the charge, and to determine the consequences, from the point of view of the mortgage guarantee, of the transfer of real property forming part of the working capital of one concern subject to the charge to another so subject.

The *eleventh* decree regulates the second distribution of the charge as provided by Article 6 of the Industrial Charges Law and describes how the distribution is to be effected.

The *twelfth* decree fixes the rate for the distribution of the charge of 5 milliard gold marks over the working capital of the concerns subject to the charge, at the time of the second distribution. The rate is 19.6 per cent of the working capital.

The *thirteenth* decree of July 20, 1928, (Reichsgesetzblatt of August 3, 1928, Part II, No. 36 page 533) appeared after the publication of the interim report. It contains in particular supplementary regulations concerning the entry of the public law mortgage created by the Industrial Charges Law. It also amends the

provisions previously in force concerning the penalties provided for refusal to make the declarations which concerns liable to the charge are obliged to furnish.

Article 1 gives the formula to be adopted, in the event of a distribution of the charge, for the registration of the mortgage on the property transferred; it makes a distinction between the distribution of the mortgage under Article 43 paragraph 1 sentence 2 of the law (where a maximum amount is registered) and the distribution and limitation of the mortgage accorded in virtue of Article 41 paragraph 2 and Article 42 paragraph 1 of the law (where the amount of the mortgage is liable to fluctuate as the result of successive distributions of the charge). The same article also gives the registration formula for the event of the distribution of the mortgage at the instigation of the Bank and the Trustee, in conformity with the provisions of Article 41 of the Industrial Charges Law in conjunction with Article 1132 of the civil code. Distributions under this head are of special importance where one single piece of property among all those subject to the mortgage is disposed of by forced sale.

Under Article 2 the Revenue Offices (*Finanzämter*) and the Bank have the right to apply the penalties for which provision is made in Article 202 of the Fundamental Law on Taxation of the Reich (*Reichsabgabenordnung*), in the event of the refusal by the parties concerned of the declarations required under the Industrial Charges Law.

According to Article 3 the *Finanzämter* concerned have to take the initiative in the matter of penalties in the place of the Bank, offences in this connection being looked upon as tax contraventions.

* *
*

The German Government during the period under report promulgated *four* new decrees for the purpose of *ensuring the application of the Law for the production of the industrial charge* (Aufbringungsgesetz). Three of these decrees (the *sixth*, the *seventh* and the *eighth* were examined in the report of May 15, 1928).

The *sixth* decree contains provisions relating to the declaration of the value of the working capital of the profit-earning concerns of the Reich, the Federal States and communes. The *seventh* decree regulates the final payments by the concerns for the years 1926 and 1927, as also the payments for 1928. The *eighth* decree fixes the final percentages to be applied to the working capital in order to arrive at the amount due by the concerns liable to the charge for 1926, 1927 and 1928. The rates are 3.5 per mille, 7.1 per mille and 8.5 per mille respectively for each of the three years.

The *ninth* decree of May 31, 1928, (Reichsgesetzblatt of June 15, 1928, Part II, No. 28 page 291) reduces the second half-yearly payment for 1928 by a 20 per cent reduction in the rate to be applied for the calculation of the payment. The rate is lowered from 4.25 to 3.40 per mille, the full annuity being thus indirectly reduced by 10 per cent (from 8.50 to 7.65 per mille). By the same decree the due date for the second half-yearly payment is postponed from June 15, 1928, the date fixed by the seventh decree, to July 16, 1928.

II.

Operations carried out by the Trustee and the Bank in execution of the Industrial Charges Law.

Payment of the annuity—The annuity payable by the concerns subject to the Industrial Charges Law for the fourth year of application of the Experts' Plan (September 1, 1927—August 31, 1928) reached its maximum of *300 million* gold marks, covering for the first time, in addition to interest at 5 per cent (*250 million* gold marks), a payment of 1 per cent (*50 million* gold marks) for the amortisation of the 5 milliards of debentures issued. The two half-yearly payments, each amounting to 150 million gold marks (125 million gold marks in respect of interest and 25 million for amortisation), were duly paid by the Bank on the dates of maturity fixed (April 1 and August 25, 1928).

According to the text of the securities and the sinking fund table, the drawing of the bonds and negotiable debentures to be amortised has to take place annually in 1928 and subsequent years, in June of each year for the bonds and in July of each year for the negotiable debentures. Amortisation thus took place for the first time during the period here under report. The first drawing of the bonds was carried out on June 30, 1928, in the presence of the Trustee, representatives of the Bank and the notary. The first drawing of the negotiable debentures took place on July 2, 1928, under similar conditions. Notification of the drawings was published in the *Reichsanzeiger* of Juli 2, 1928.

In conformity with the text in force, the certificates drawn to the nominal amount of 50 million gold marks have to be repaid at par, in the case of the bonds on September 1 and in the case of the negotiable debentures on November 1 of the year in which the drawing takes place. As the certificates in question were not yet in circulation, no sale having been effected, but were still in the custody of the Trustee for the account of the creditor States, it was the Trustee who presented them to the Bank for cancellation on the respective due dates.

Following on this amortisation, the nominal value of the industrial debentures actually held by the Trustee is reduced to 4,950,000,000 gold marks, 4,366,890,000 gold marks of industrial bonds and 583,110,000 gold marks of individual negotiable debentures.

Cases of bankruptcy and voluntary liquidation—Annex I contains a statement of the concerns subject to the industrial charge which went bankrupt or were voluntarily liquidated during the period from September 1, 1927, to August 31, 1928.

There were *319* cases of bankruptcy. The nominal value of the debentures issued by these concerns is 10,629,389 gold marks, as against 14,121,600 gold marks in 1926/27 and 36,195,480 gold marks in 1925/26. In *45* cases a settlement was effected without recourse by the Trustee and the Bank to legal proceedings; in *274* cases the Bank was forced to follow the procedure laid down by Article 47 of the Industrial Charges Law and to enforce its claims as a creditor with prior rights.

Voluntary liquidations numbered *602*, representing debentures to the nominal value of 30,705,256 gold marks, as against 39,185,110 gold marks in 1926/27.

In *89* cases it was possibles to effect a settlement without recourse to legal proceedings; in *185* cases the Bank obtained the deposit of security in conformity with the provisions of Article 49 paragraph 2 of the law; in *40* cases it obtained the registration of the charge in the Land Register; in *54* cases the Finanzämter concerned are endeavouring to recover the sums due; in *121* cases there were no available assets; and in *113* cases proceedings were instituted in conformity with the provisions of Article 49 paragraph 2 of the law.

It should be noted that, as explained below, a special feature of the period September 1, 1927, to August 31, 1928, was the redistribution of the industrial charge which came into force on July 14, 1928. Consequently the debentures issued in 1924-25 by undertakings which have since failed or entered into liquidation have lost their legal value. In consideration of this and of the fact that the Bank has made all the payments due in respect of the annuities the sums deposited as security for the payment of the annuities have been restored, the mortgage entries in the Land Register cancelled or corrected and the proceedings instituted abandoned.

Limitation, distribution or removal of the Public Law Mortgage. A considerable number of concerns has asked to benefit by the provisions of Articles 41, 42 and 43 of the law and to have the public law mortgage on real property forming part of their working capital limited to a definite amount or distributed among the various properties in proportion to their respective values, or entirely removed from some part of the property. During the period September 1, 1927, to August 31, 1928, applications of this kind which were taken into consideration totalled *1,051*, submitted by *847* concerns. The real property thus freed from the mortgage, by agreement between the Bank and the Trustee, represents only a very small proportion of the total value of the real property forming the real security for the charge assumed by the individual undertaking. We give below some details on the subject.

Article 41, paragraph 2. *8* concerns with a working capital of *22,973,552* gold marks and debentures for *3,615,380* gold marks, and with real property to a value of *3,071,267* gold marks, successfully applied for the reduction of the mortgage to *282,350* gold marks, or a fraction of the real property corresponding to the ratio between that property and the total working capital of the concern.

Article 42 paragraph 1 (a). *4* concerns with a working capital of *3,758,803* gold marks and debentures to a total value of *715,860* gold marks successfully applied for the distribution of the charge over real property to the value of *2,210,536* gold marks, in proportion to the value of the component parts of the property.

Article 42 paragraph 1 (b). *20* concerns with a working capital of *26,147,105* gold marks and debentures to the nominal value of *4,094,140* gold marks successfully applied for the exemption from the mortgage charge of a part valued at *7,087,517* gold marks, out of real property to the total value of *23,434,716* gold marks.

Article 42 paragraph 1 (c). *17* concerns with a working capital of *6,961,465* gold marks and debentures to the nominal value of *1,115,400* gold marks have had real property to the value of *2,634,828* gold marks freed from the mortgage in return for the provision of collateral security.

Article 42 paragraph 1 (d). *16* concerns with a working capital of *89,699,325* gold marks and debentures to the nominal value of *14,469,127* gold marks have obtained exemption from the mortgage for *2,434,750* gold marks out of real property to the total value of *8,368,757* gold marks in return for the provision of an equivalent guarantee.

Article 43 paragraph 1. *11* concerns with a working capital of *13,153,485* gold marks and debentures to the nominal value of *2,090,440* gold marks have successfully applied for the distribution of the mortgage between the property alienated and the property retained, in the proportion of *493,292* gold marks for the former and *1,597,148* gold marks for the latter.

Article 43 paragraph 2. *771* concerns with a working capital of *9,763,149,609* gold marks and debentures to the nominal value of *1,611,263,796* gold marks have obtained the removal of the mortgage charge from property alienated to the value of *84,755,390* gold marks, out of property to the total value of *6,044,045,118* gold marks.

Article 49. The cession of component parts of the working capital entails the distribution among the concerns liable to the charge, in proportion to the value of the parts ceded, of the mortgage charge and the amount of the annuity payable by each one of them. The cession of the whole of the working capital entails the transfer to the purchaser of the mortgage charge and the liability to pay the annuity. Operations of the kind have to be notified to the Bank. During the period under report they numbered *1194*, representing debentures to the total amount of *239,248,024* gold marks. Of this total *483* operations, with debentures to the total amount of *185,509,321* gold marks, represent the transfer of component parts of working capital, while *711* operations, with debentures to the total amount of *53,738,703* gold marks represent the transfer of the whole of the working capital.

Second distribution of the charge. Article 6 of the Industrial Charges Law provides for redistributions of the charge among the mortgage concerns on a basis of subsequent assessments for the property tax (*Vermögensteuer*). These distributions ensure the equitable apportionment of the total charge of 5 milliard gold marks by calling on all undertakings to contribute to the same extent, whether they are old or newly created. From the point of view of the security of the industrial bonds, the redistributions mean periodical revisions of the collateral for the bonds, represented by non-negotiable individual debentures. In virtue of the revisions the debentures of defaulting concerns are replaced by those of solvent undertakings.

The second distribution, which should have been terminated, in conformity with the ninth decree in execution of the Industrial

Charges Law, before December 31, 1927, was not completed until the end of June 1928. The delay was due to the heavy work imposed on the *Finanzämter* by the valuation of working capital on a basis of the provisions of the assessment law of the Reich (*Reichsbewertungsgesetz*); it was further explained by the complicated work which had to be carried out before the nominal amount of the debenture of each concern could be fixed, owing to the numerous transfers of real property or component parts of working capital which took place before and during the distribution procedure.

The basis of valuation for the charge assumed by each concern for the second distribution was the value of the working capital adopted for the assessment of the property tax for the calendar year 1927. The regulations to be observed in the course of the operations were fixed by the Government of the Reich in the eleventh and twelfth decrees in execution of the Industrial Charges Law, the provisions of which were explained in the report dated May 15, 1928.

The redistribution procedure was closed on July 14, 1928, from which date, in virtue of the provisions of the eleventh executory decree, the mortgaged concerns became liable for the value of the new debentures issued or of the rectified debentures. The charge under the first distribution was cancelled on this date and replaced by the charge under the second distribution. In future the public law mortgage (*öffentliche Last*) rests on the real property and assimilated rights to the extent of the new amount of each debenture. On the same date (July 14, 1928) the Bank and the Trustee replaced the former *non-negotiable* individual debentures by new *non-negotiable* individual debentures.

The number of concerns liable to issue non-negotiable individual debentures was reduced in consequence of the revision from *58.555* to *40.160*.

In the case of the *negotiable* individual debentures, Article 19 of the law provides that no rectification will take place upon the occasion of new distributions, and that the Bank will have to provide compensation to any concerns which, owing to the decline of their working capital, may be obliged to pay for the service of the debentures issued an annuity exceeding that required under the new distribution of the charge.

The work of redistribution made it apparent that several concerns would be so placed. But as he has not yet alienated any of the negotiable debentures, the Trustee decided, after duly considering the situation thus created, that he would have recourse to the provisions of Article 18 of the law. He accordingly exchanged negotiable industrial debentures to the nominal amount of 64,500,000 gold marks for an equivalent amount of industrial bonds.

In virtue of this exchange, the nominal value of the negotiable debentures held by the Trustee has been reduced from *653,500,000* gold marks to *589,000,000* gold marks, while the number of concerns which have issued negotiable debentures is today only *169*, as against a former total of *209*.

The two amounts, that of *4,411* million gold marks in non-negotiable individual debentures representing the collateral for an equal amount of industrial bonds, and that of *589* million gold marks in negotiable individual debentures, make up the total as at July 14, 1928, of the *5 milliard* gold marks of industrial debentures which the Trustee and the Bank hold under the Experts' Plan for the account of the reparation creditors.

III.

Movement of concentration recorded among undertakings subject to the Industrial Charges Law.

The movement towards concentration of the German industrial concerns continued steadily throughout the past year. Whereas in the years considered in previous reports the movement was specially apparent among big undertakings, it now extends also to those of lesser importance. Enterprise as a whole realises the necessity for improving plant, increasing resources and restricting general costs.

There is not much reliable information to be had on the results of the industrial concentration which has occurred during the last few years. The tendency for prices to rise, especially in the case of finished goods, would seem to indicate the existence of factors working against the forces of rationalisation. But on the other hand it must be admitted that the increased output per worker, taken in conjunction with the decline in unemployment, the higher wage rates, as well as the improvement in working profits bear witness to the favourable results of industrial activity.

Annex II gives a list of the concentrations which took place during the period September 1, 1927, to August 31, 1928; the operations are classified in the customary manner:

a) *purchase of holdings or shares;* b) *amalgamations;* c) *formation of "communities of interests".*

No groupings of big concerns were placed on record during this period, but the transactions were very numerous and included undertakings in all the branches of industry.

The re-groupings in the brewing and milling industries, by means of the purchase or exchange of shares on the part of the various concerns interested, should be noted.

The transactions carried out among concerns belonging to the potash syndicate were also of importance.

In the heavy industry the formation of the Kohle-Chemie A. G. with the participation of the most important coal concerns should be noted; the company was formed with the object of exploiting in common the new chemical processes which aim at the better utilisation of coal and lignite.

In the electrical industry, several large concerns have absorbed smaller companies; they have purchased small power stations scattered in the small centres, with a view to rationalising production and distribution.

In the mechanical industry a noteworthy point is the concentration of various factories for railway cars and materials.

In the metallurgical industry mention must be made of the amalgamation of the Metallbank and Metallurgische Gesellschaft A. G. with the Metallgesellschaft, both of Frankfort-on-Main.

Reference should also be made to the concentration in one single organisation of the efforts of various companies in connection with preliminary work for the production of gas and its distribution over long distances. This movement has its headquarters mainly in the mining basins of the Ruhr and central Germany.

There is also a tendency for the concentration movement to group together industrial undertakings in the various countries with a view to regulating their output, the distribution of their products and their prices. Some international concentration movements which may be mentioned are those in the electrotechnical, artificial silk, linoleum and gramophone industries, in which Germany is participating.

IV.

Amount of loans issued by the industrial concerns subject to the Industrial Charges Law.

The calls made by German industry on the foreign markets and the home market during the year 1927-28 differed in extent from those of the previous year. A list of the loans issued by industrial concerns subject to the Industrial Charges Law is given in *Annex III*.

The amount of the long term loans issued on foreign markets in 1927-28 was *RM 467,950,000*, as against *RM 582,372,000* in 1926-27; the amount of the loans issued in Germany in 1927-28 (*RM 259,700,000*) slightly exceeded the volume of 1926-27 issues (*RM 224,570,000*). In connection with issues in Germany however, it should be noted that considerably fewer loans were issued—only 6 throughout the whole of the year, one of which, that of the I. G. Farbenindustrie A. G., alone totalled *RM* 250 millions. The domestic market was completely idle during the last quarter of 1927, and it was not until the beginning of 1928 that any signs of recovery were to be noted, while even then there was at no time any very marked activity. Recourse to foreign markets was considerable, more especially during the second quarter of 1928.

The following table compares the volume of loans issued abroad and in Germany during each of the four reparation years.

Reparation year	Issues		Grand total
	Abroad	In Germany	
1924/25	165,700,000	—	165,700,000
1925/26	908,663,000	264,950,000	1,173,613,000
1926/27	582,372,000	224,570,000	806,942,000
1927/28	467,950,000	259,700,000	727,650,000
RM	2,124,685,000	749,220,000	2,873,905,000

The indications afforded by the volume of loans are however not sufficient evidence of the amount of the funds required by industry. Allowance has also to be made for the concerns which, during the period under report, increased their capital or obtained short-term advances. Further, some large banks themselves raised fairly large loans abroad with a view to assisting smaller undertakings with the resources thus obtained.

As in previous years, so in 1927-28, the United States come first as lenders; they are followed in Europe by Holland which, as in the past, absorbed a large quantity of German issues. It is impossible, however, to give exact information on this subject, since tranches of loans earmarked for issue on a certain market have in many cases subsequently found purchasers on other markets.

There was no improvement in terms for the loans issued during the period under report. In Germany interest rates remained at a high level. Whereas on the domestic market 7 and 8 per cent was still demanded, the rate prevailing abroad was from $6^1/_2$ to 7 per cent. If as an exception borrowers occasionally received more favourable rates, counter-concessions were required, either in the form of an option to take up shares of the borrowing companies at given prices, or in the form of interest supplements derived from higher dividends on the share capital.

V.

Financial results obtained by the most important industrial undertakings in the course of the financial year 1926-27 or the calendar year 1927.

The balance sheets for the financial year 1926-27 or for 1927 published for the period under report by the most important concerns subject to the Industrial Charges Law have, as previously, been examined. The results of the examination are summarised in the tables of *Annex IV*.

The examination covered the balance sheets of *360* industrial undertakings with a share capital of *RM 8,280,744,112*, or *38.44* per cent of the share capital of all the German companies which, according to information given by the Statistical Office of the Reich, amounted on December 31, 1927, to *RM 21,542,000,000*. The total for the industrial debentures issued by the concerns in question is *1,520,979,791* gold marks nominal, or 30.42 per cent of the total industrial charge of 5 milliard gold marks.

The working profits realised by the 360 concerns during the financial year under consideration (1926-27, or 1927) totalled *1,205,362,225* reichsmarks, representing in relation to the invested capital an average of *14.56* per cent, as against an average of *10.95* per cent in the previous financial year.

The amount due from the concerns in respect of interest on the nominal value of the industrial debentures issued should work out, for the financial years in question, at *76,048,989* reichsmarks, or *6.31* per cent of the profit realised. As a matter of fact, by the application of the law for the production of the industrial charge (*Aufbringungsgesetz*), the concerns must have paid over and have

included under their balance sheet expenditure a sum falling short of this total by approximately 7 million reichsmarks. The proportion of 6.31 per cent of the profit is accordingly higher than the percentage actually paid over.

It is nevertheless necessary to retain the percentage of 6.31, in order to allow for contingencies which are overlooked in the examination of balance sheets. One circumstance to be noted is that the 360 concerns whose balance sheets were examined include a certain number whose financial year ended on June 30, 1927, so that the balance sheet expenditure probably did not include the second half-yearly payment falling due in July 1927.

Out of the profit of 1,205,362,225 reichsmarks, a sum of *560,940,132*, or *46.54 per cent* of the profit (as against 47.85 per cent for the previous year), was written off; *577,580,326* reichsmarks, or *47.92 per cent* (as against 47.74 per cent for the previous year), were paid over in dividends to the shareholders; the balance of *100,755,348* reichsmarks was used in part for special purposes and for the rest carried forward to the next balance sheet. The dividends thus distributed represent an average of *6.97 per cent* of the share capital, as against an average of *5.76 per cent* for the previous financial year. These results were obtained in spite of the fact that this year the industrial charge on reparation account was double than the charge for the previous year.

The examination of these balance sheets, although incomplete and limited to a certain number of companies, nevertheless gives fairly reliable information on the favourable results obtained in 1926-27 (or 1927) by the industrial undertakings. The information thus obtained moreover coincides with that supplied from other sources. Thus, according to a statement of the Statistical Office of the Reich relating to *1,518* industrial companies which closed their balance sheets on December 31, 1927, these companies paid their shareholders an average dividend of *7.47 per cent*, as against *6.19 per cent* in 1926, on share capital aggregating more than *10 milliard* reichsmarks.

Taking the various branches of industry, we find that the foodstuffs and textile industries were able to distribute the highest dividends during the year in question, while heavy industry and the machinery industry in general paid modest dividends. These latter groups however devoted larger sums to amortisation.

VI.

Movement of industrial production from September 1, 1924 to August 31, 1928.

During the period under consideration in the present report observation of the trend of production in the various branches of German industry has been continued. On a basis of these observations we have proceeded *to calculate indices for each branch of industry and a general index based on the statistics furnished by German economic publications, and by the method, the principles of which were explained in the report of November 15, 1927. We still retain the reservations set forth in that report.*

The gross indices calculated from the monthly statistics have been rendered more exact by the elimination of seasonal variations. For this purpose it seemed advisable, on both theoretical and practical grounds, to retain the co-efficients previously calculated. In the first place co-efficients of seasonal variations should by their very nature be stable, for a long period at any rate, for the reason that they represent events which recur periodically along the same line and should in consequence produce the same deviations from the normal trend throughout a whole consecutive series of statistical data. Further, from the practical point of view and irrespective of the theoretical method applied, the co-efficients could only have been calculated afresh by adding the statistics for one year to the series already taken into consideration. This could not have entailed any marked change in the figures already calculated. It is nevertheless advisable to repeat the reservations made in regard to the co-efficients of seasonal variations, the period on which the calculations are based being relatively too short to guarantee the accuracy of the results obtained from the economic point of view.

The basis of comparison adopted is, as it was last year, the arithmetic mean of the series of factors corresponding to the 36 months which elapsed from September 1924 to August 1927; in the case of the building trade however, in the absence of information relating to 1924, the series on which the comparison is based covers only 32 months. For each of the series the arithmetic mean has been assumed to be equal to 100.

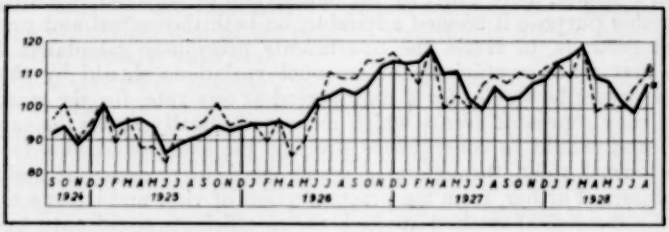
As in the previous reports, the monthly indices have only been calculated for the industries for which regular and periodical statistics were available for the period September 1, 1927 to August 31, 1928: *coal, lignite, potash, pig-iron, steel, rolled products, copper, cotton, wool, leather, rubber, and the building industry.* These various indices have then been combined in a general index weighted according to the number of workers employed in each industry, and also according to the horse power utilised. The statistics of output, production and consumption, the figures relating to the co-efficients, the simple indices and the general index have been collected together in the tables forming *Annex V.*

Below we give some information on each branch of industry and a diagram for each series of monthly indices. For purposes of comparison, the diagrams cover the ground from September 1, 1924 onwards.

Coal.

The index for the production of coal, based on the figures for the monthly output and leaving seasonal variations out of account, developed steadily from September 1927 to March 1928 and rose between these two dates from 103.1 to 119.0. It later declined, reaching its lowest level of 99.2 in July; in August it recovered to 107.1. The variations in the index for the production of coal from September 1927 to August 1928 are shown in *Diagram 1:* curve *a* represents the index after the elimination of seasonal variations, while curve *b* indicates the gross index.

Diagram 1



The curve representing production, which obviously follows the needs of consumption, developed on approximately the same lines as those of the corresponding earlier period; it nevertheless fell slightly below the previous level, thus indicating a slight decline in the absolute value of the production. Generally speaking, however, the decline was not very much; occasionally the index even exceeded that of the previous year (during the first quarter of 1928 and August 1928 for example).

This result is the more remarkable in that the German coal industry ceased in 1927 to benefit by the favourable situation which it enjoyed as the result of the British coal dispute in 1926. In spite of this the total output in 1927 was 153.6 million tons, as against 145.3 in 1926; there was accordingly an increase of 8.3 millions or 5.7 per cent. During the first eight months of 1928 the German coal mines produced 101.5 million tons, as against 101.7 millions in the corresponding period of 1927. Production was stimulated by the marked rise in home consumption, which in 1927 exceeded that of 1926 by 15.9 per cent. On the other hand the export trade encountered difficulties owing to the considerable efforts of Great Britain to reconquer the markets lost during the coal dispute. As the result of the action taken, the monthly exports of Great Britain have reached the monthly average of 1925 (approximately 4.2 million tons), without however recovering their volume of previous years.

As far as foreign trade is concerned, from September 1927 to August 1928 the coal imports of Germany totalled 6,495,501 tons, and her exports 23,628,207 tons. Exports accordingly represented 11.2 per cent of the total output.

As to the employment of the workers, in the Ruhr basin, which is the most important as it represents about 75 per cent of the total output of Germany, the number of shifts unemployed (because of the lack of demand on the market), which was reduced in April 1928 to the minimum of 0.02—this figure being calculated on 25 working days and for each worker employed—has since considerably increased and amounted in August to 0.69.

It should be noted that there is a steady increase in the average daily output of each miner, the figure having risen during the period under report from 1,382 kg. in September 1927 to 1,475 kg. in August 1928. The daily average in 1913 was 1,161 kg., while for the whole of 1927 it was 1,385 kg.

The average wages of workers employed in the mines have also risen, from 112.5 pfennigs per hour for skilled workers in Septem-

ber 1927 to 121.1 pfennigs in August 1928; the wages of unskilled workers have risen from 69.7 pfennigs to 75.5 pfennigs.

In relation to the world coal market, Germany, with about 13 per cent of the total output, comes third among producing countries, after the United States and Great Britain. She produces about 25 per cent of the European output.

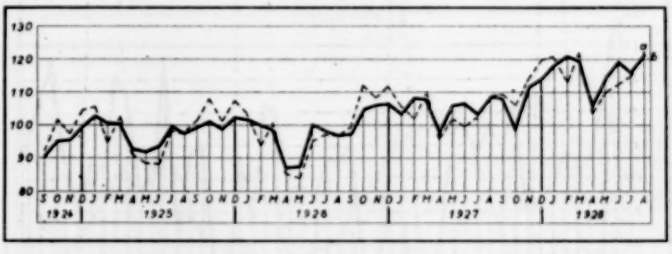
Lignite.

The index for the production of lignite, based on the figures for the monthly production and leaving seasonal variations out of account, remained throughout the period under report, except for the month of October 1927, above the level for the previous period. The production for the last twelve months was 161.4 millions tons, as against 148.4 millions in the previous twelve months, representing an increase of 8.7 per cent.

The curve of the index clearly reveals the progress recorded. After a minimum of 99.4 in October 1927, it rises to 121.2 in February 1928 and, after a decline in the months when the production is normally smaller it rises again to its maximum figure of 121.7 in August 1928, as against barely 109.0 in the corresponding month of 1927.

The variations in the index for the production of lignite are shown in *Diagram* 2, in which curve *a* represents the index after the elimination of seasonal variations and curve *b* the gross index.

Diagram 2



As lignite is not exported in large quantities, we may conclude that the increased production is mostly to be attributed to a greater demand on the domestic market. As a matter of fact lignite is increasingly employed in the chemical industry, the industry producing electric power and other industrial branches.

Germany is far to the fore among the lignite producing countries of the world. Out of a total output of 191.1 million tons in 1927, she supplied 150.8 millions or 78.9 per cent.

Potash.

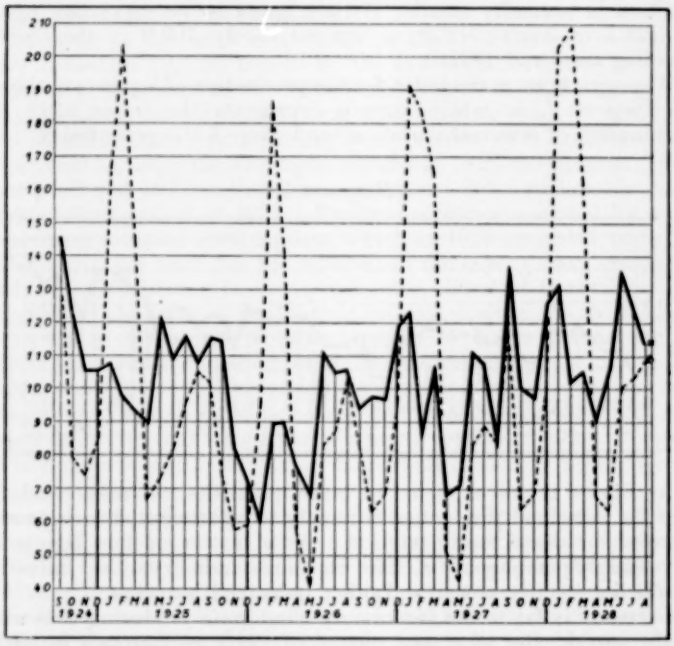
The index for the production of the potash industry for the period September 1927 to August 1928 has been calculated on the monthly sales of the Potash Syndicate. These regularly exceeded those for each month of the corresponding period of 1926-27. The

index for September 1927, when there is usually a marked rise in consumption owing to the preparation of the soil for sowing after a harvest, was 136.9 as against 94.7 in September 1926, and thus marks the absolute maximum for the whole length of the curve. The index has subsequently developed along lines resembling those of the previous period, but always at a higher level. Its minimum occurs, as is usual, in April, although in April 1928 it was still at 91.7, a figure considerably above the 1927 level of 68.7. It subsequently made a marked recovery, reaching 114.0 in August 1928, as compared with 87.8 in August 1927.

The quantity of potash sold by the Syndicate (expressed in pure K^2O) was 1.36 million tons in the period September 1927 to August 1928, as against 1.20 million tons in the corresponding period 1926-27, representing an increase of 13.3 per cent.

Diagram 3 gives the index for sales of potash: curve *a* indicates the index after the elimination of seasonal variations and curve *b* the gross index.

Diagram 3



The potash industry is much influenced by the export trade, since Germany, owing to her predominant position as a producer on the world market, supplies large quantities to other countries (about 40 per cent of the total output of her mines). Nevertheless the backbone of the industry is always home consumption, potash fertilisers being employed on a vast scale by German agriculture. The high yield of agricultural products realised in Germany is attributed to the rational use of potash fertilisers.

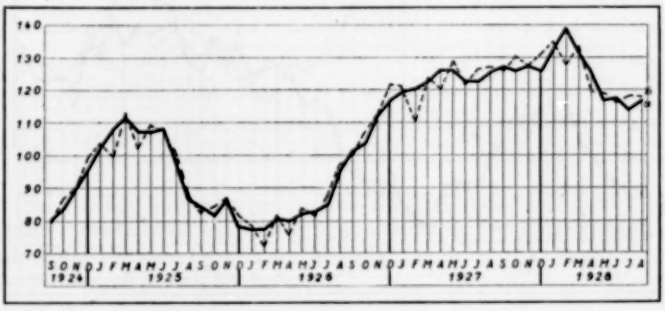
The German output of potash represents about 75 per cent of the world output. The second producing country is France, whose share in production is 22 per cent. The industries of the two countries have combined to form a Franco-German sales syndicate which thus has a real monopoly on the world market.

Pig-Iron.

The index for the production of pig-iron is based on the figures for the monthly production of pig after the elimination of seasonal variations. Production, which was greatly stimulated in 1926 by the almost complete closing down of the British blast furnaces as a result of the coal dispute, reached its highest point since 1924 in the months April and May 1927. The resumption of production in Great Britain was without much effect on the German industry, which was able to make good most of the decline in foreign orders by the heavy increase in home consumption in 1927. The index of production was thus maintained at the previous level, and even exceeded it in the first few months of 1928: the absolute maximum of 139.4 was recorded in February 1928, the figure for February 1927 having been 120.2. It is not until later that a decline is to be noted, the index having fallen from 125.9 in April to 116.9 in May. From May onwards, with slight deviations, it remained approximately steady, the figure for August 1928 being 116.7.

In *Diagram 4,* curve *a* gives the index after the elimination of seasonal variations and curve *b* the gross index.

Diagram 4



The movement of the production curve quite naturally coincides with the particulars furnished by the statistics on the work of the blast furnaces. The percentage of effective utilisation of the furnaces remained fairly high throughout 1927 and reached its maximum of 75.5 per cent in February 1928. It then began to fall and was approximately 62 per cent in August. The number of blast furnaces in existence fell steadily during the period under report, from 192 in September 1927 to 184 in August 1928. In spite of this, the average capacity of the blast furnaces in 24 hours, taking into account the furnaces working and stopped down, has risen steadily, thus bearing witness to the satisfactory results obtained in the

matter of output. This information is confirmed by the figure for the average daily output per worker, which rose from 1,263 kg. in 1925 to 1,492 kg. in 1926 and 1,815 kg. in 1927.

Particulars concerning the number and utilisation of the blast furnaces are given in *Annex VI.*

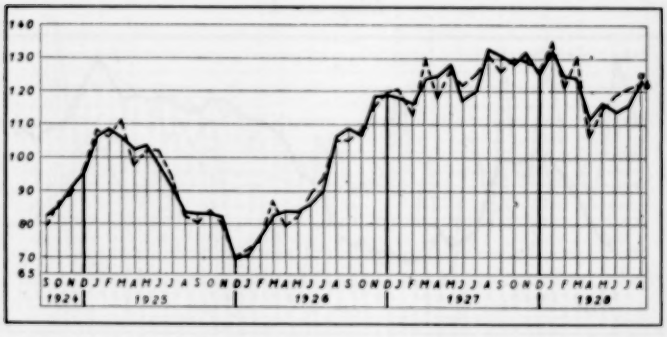
The production of pig in Germany represents 15.5 per cent of the world's output and 27.2 per cent of the production in Europe. The German production is the largest in Europe and much exceeds that of France or Great Britain.

Steel.

The index for the production of crude steel, based on the figures for the monthly production and leaving seasonal variations out of account, followed approximately the same trend as the index for pig-iron. During the last few months of 1927 it remained steadily at the level reached in the first part of the year; occasionally it even exceeded this level, reaching its maximum in January 1928 with 133.1 as against 118.2 in January 1927. It then declined somewhat, falling to 112.5 in April 1928, the absolute minimum for the whole period. Since then, however, it has recovered, the figure for August 1928 being 124.3.

The movements of the index for the production of crude steel are shown in *Diagram 5,* curve *a* of which represents the index after the elimination of seasonal variations, and curve *b* the gross index.

Diagram 5



As in the case of pig-iron, the production of steel, while falling short of the level for the previous year, was nevertheless still satisfactory. The British steel industry gradually resumed almost its normal development, with an average monthly output of approximately 700,000 tons, so that Germany was again faced by keen competition on foreign markets; nevertheless, she retained part of the ground won and was in addition favoured by the marked increase in home consumption.

From the technical point of view a higher output was obtained. The average daily production of each worker employed in the manufacture of crude steel was 1,369 kg. in 1925, 1,741 kg in 1926, and by 1927 had reached the figure of 1,941 kg.

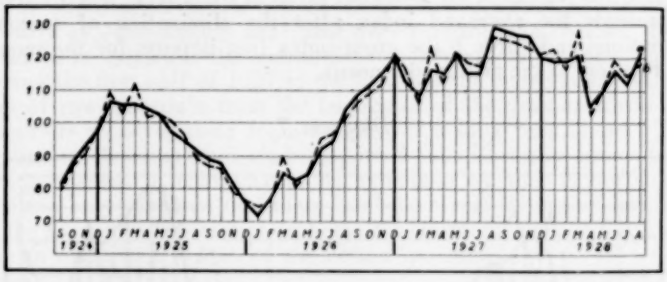
The German production of steel represents 16.3 per cent of the world production and 29.5 per cent of the output in Europe. Germany comes first among the steel producing countries of Europe and second on the world market, where the United States come first.

Rolled-Products.

The index for the production of rolled products, based on the figures for the monthly production and leaving seasonal variations out of account, exceeded the level for the first few months of 1927, but declined, during September 1927 and until the first few months of 1928, from the maximum reached in August 1927, with the sole exception of March 1928 which is characterised by a sudden rise. The index thus fell from 128.8 in September 1927 (the maximum for the period under report) to 105.6 in April 1928 (the minimum for the period under report). Since April there has been a recovery which became more marked during August, when the index rose to 122.

The movements of the index for the production of rolled products are shown in *Diagram 6,* where curve *a* represents the index after the elimination of seasonal variations and curve *b* the gross index.

Diagram 6



The average monthly production for 1927 was 1,072,690 tons, a figure considerably exceeding that recorded for 1926, which was only 856,340 tons. During the first eight months of 1928 the average worked out at 1,040,000 tons.

Copper.

As already pointed out in the previous report, there are no monthly statistics available for the production of crude copper in Germany. The most recent official data on the subject refer to 1926 and merely give the annual production. In 1926, 85,000 tons of copper were produced in Germany, including 57,000 tons of electrolytic copper. A noteworthy point is the increasing proportion of copper produced by the electrolytic process instead of by the refining process: the proportion, calculated on the total production, rose from 24.5 per cent in 1913 to 67.1 per cent in 1926. The copper ore treated in Germany comes mostly from abroad, only very small

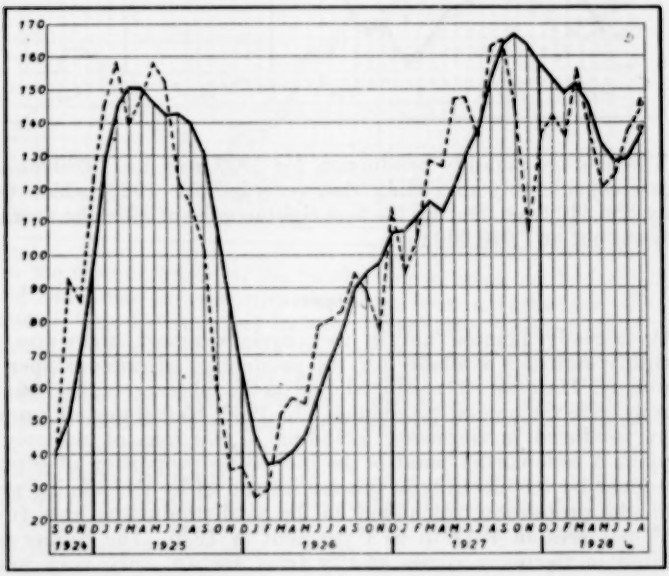
quantities being extracted within the country. Finally, in the absence of all information on the subject, no account has been taken of the metal supplied to the market by "secondary" production, that is, by the treatment of trimmings and scrap.

For the calculation of an index for the copper industry we have accordingly based our computations, as we did last year, on particulars concerning the net imports into Germany of copper and copper alloy. During the period under report these imports were much higher than those of the corresponding period of 1926-27. An increase in the consumption of copper is thus to be noted, representing a favourable index for industries, such as the electro-technical industry, which use it in large quantities. The increase is found to be still more marked if the whole of 1927 is compared with 1926, since imports totalled 279,000 tons as against 146,000.

The index for the consumption of crude copper has been calculated, for the reasons given above, on an average of four months, During the last few months of 1927 and until January 1928 it largely exceeded its previous maximum of 153.5 in August 1927. After reaching 167.1 in October 1927 it began to decline, although remaining until May 1928 above the level for the corresponding months of the previous year. It was not until June that it fell below this level and slowly dropped, with a recovery in August to 137.

The movements of the index are given in *Diagram 7*, where curve *a* represents the averaged index after the elimination of seasonal variations and curve *b* the gross index (net imports for the month in relation to the arithmetic mean).

Diagram 7



The consumption of crude copper in Germany represents 15 per cent of the world consumption and about 30 per cent of the consumption in Europe. Germany comes first among European consumers and second in the world, after the United States.

Textile Products.

It has already been observed that no *monthly* statistics exist for the production of the textile industries of Germany. It was impossible to take the figures furnished by statistics as they stood, for the reason that the raw materials pass through successive stages of manufacture and thus appear several times over in the statements relating to the various products.

It is accordingly necessary to have recourse to the information supplied by the import and export statistics for raw materials and so to calculate an index of apparent consumption. This gives however a fairly exact picture of the position in the industry, since no cotton is grown in Germany and the production of wool is inconsiderable in relation to the total quantities used for the manufacture of finished goods.

A. *Cotton.*

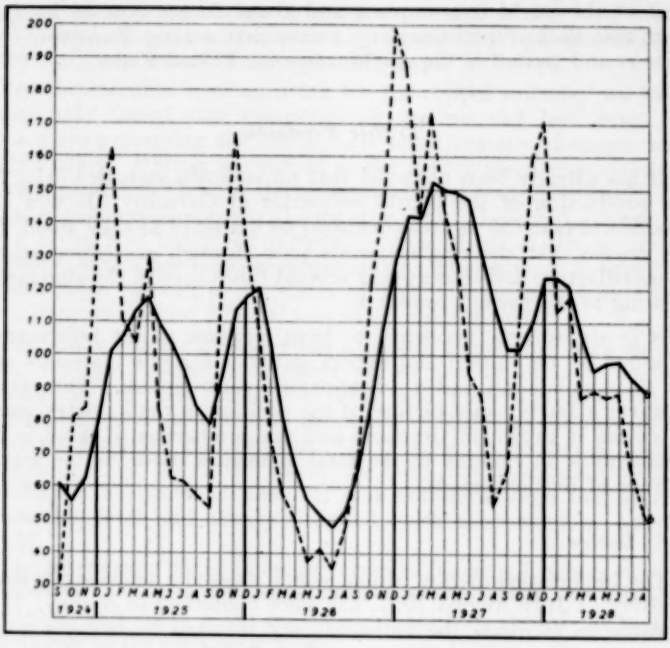
The importation of raw cotton, which showed a tendency to drop as early as July-August 1927, has since continued to decline. It is possible to attribute the extraordinary increase in imports noted during the first half of 1927 to the fact that the constant rise in the cost of raw materia'ls from the beginning of the year onwards led importers to cover their requirements for a long time ahead. The decline in the quantities since imported into Germany however is too permanent in character to be explained by this factor alone. One can only conclude that there has been a real falling off in trade in the form of a contraction in home consumption, since exports are not an important branch of the cotton industry.

The index for the consumption of the cotton industry has been averaged over a period of four months, seasonal variations being left out of account. It has dropped almost steadily since the beginning of the period under report, except for a slight recovery between the end of 1927 and the beginning of 1928. It had already fallen to 115.3 by August 1927; it declined still further until November (the figure for which was 111.3) and recovered to 123.8 and 123.6 in December 1927 and January 1928 respectively. It has since fallen nearly without interruption, reaching its lowest level of 89.9 in August 1928.

The movements of the index are shown in *Diagram 8:* curve *a* represents the averaged index after the elimination of seasonal variations, and curve *b* the gross index.

Germany comes second among the European consumers of cotton, after Great Britain. Her share in the consumption of the world is 5.7 per cent and in the consumption of Europe approximately 15 per cent.

Diagram 8



B. *Wool.*

The index for the wool industry is also based on the apparent consumption. Between September 1927 and August 1928 the net imports of raw wool into Germany amounted to 165,124 tons, as against 189,108 tons in the corresponding previous period.

The production of wool in Germany is inconsiderable in relation to the total consumption, and tends to fall still further. (This is confirmed by the statistics showing the number of sheep in Germany, which is on the decline, for the reason that sheep rearing is no longer a sufficiently profitable undertaking).

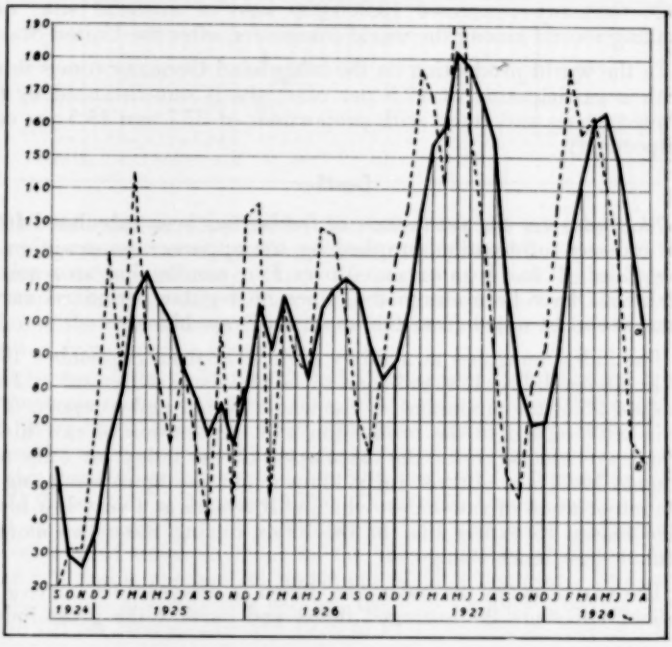
The most recent data on home production are those of 1926 published by the United States Department of Commerce, which estimate the production of wool in Germany during that year at 18,920 tons. In the absence of more recent data, we have based our calculations on this figure. We have accordingly distributed it among the twelve months of the year under consideration and have added to it the monthly import figures.

The index for the consumption of the wool industry has been averaged over four months (the month under consideration and the previous three months), but it was impossible to eliminate seasonal variations, for the reasons explained in the previous report. The index stood at 112.2 in September 1927 and dropped heavily in the last quarter of the year, which is however normal, purchases of raw materials being always reduced to a minimum at this time of the

year. In November the index touched its lowest level of 69.4. From February 1928 onwards it began to recover, although remaining below the level for the previous year. It reached its maximum of 164.4 in May and then began to fall again, reaching the level of 99.3 in August, as against 155.7 in August 1927. It is thus from May 1928 onwards that a real falling off in this branch of the textile industry is to be noted.

The movements of the index are shown in *Diagram 9:* curve *a* presents the averaged index and curve *b* the gross index.

Diagram 9



Germany's share in the world consumption of wool is about 11 per cent, her share in the European consumption being about 20 per cent. Since the war she has lost the second place which she occupied as a consumer of wool on the world market, and now ranks fourth, after the United States, France and Great Britain.

If we compare the two indices, that for cotton and that for wool, we note that the former falls much more rapidly than the latter. This is apparently due to the fact that the sale of manufactured cotton goods is much more sensitive to trade conditions, which means a speedier reaction in the supplies of raw materials.

The information supplied by the index showing the consumption of raw materials is confirmed by the position on the labour market for the branches of industry manufacturing textiles. Whereas both

total and partial unemployment fell to a minimum in August-September 1927 (about 2.5 per cent of the members of the workers' unions), both branches have since become steadily worse. In August 1928 there was 7.9 per cent of total unemployment and 29.3 per cent of partial unemployment—the maximum percentages recorded during the period here under consideration[1].

Artificial and natural silk have a fairly important place among textile products, but it is impossible exactly to follow their development in the absence of regular and complete statistics. Artificial silk, although far behind cotton and wool, considerably exceeded natural silk in regard to both production and consumption. In 1926 Germany consumed 13,900,000 kgs. of artificial silk, thus ranking second among the world consumers, after the United States.

In the world production on the other hand Germany comes third, with a participation of 12.5 per cent; she is out-distanced by the United States and Italy, with proportions of 27.7 and 13.5 per cent respectively.

Leather.

The index for the production of leather has been calculated from the indirect information supplied by the apparent consumption of raw hides. It has been averaged over four months, but no seasonal variations have been eliminated, since no regular periodical variations are to be noted from the imports of raw hides.

The index remained at a fairly high level from September 1927 to February 1928. It then began to fall fairly rapidly and in June reached 95.5, the minimum for the whole period under report. The data with regard to the production and importation of raw hides, which are necessary for the calculation of the index for July and August 1928, are not yet fully known, but the figures relating to the importation of raw hides, which still remain at a very low level, give reason to expect that of the index during these two months cannot show much change.

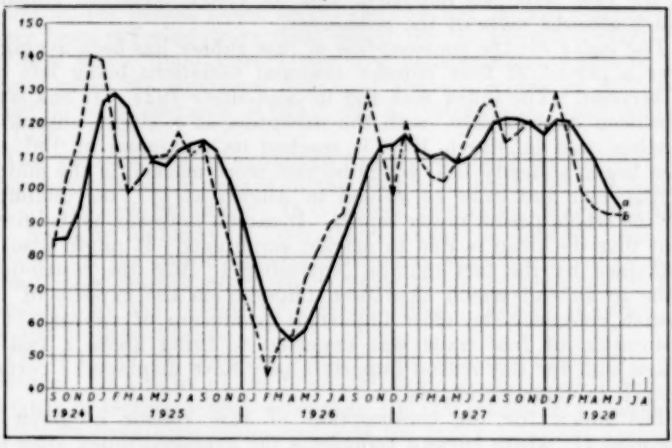
The variations in the index are shown in *Diagram 10*, curve *a* of which represents the averaged index and curve *b* the gross index.

---

(1) *Note.* From September 1927 to August 1928 total and partial unemployment in the textile industry developed as follows (percentage of members of worker's unions):

		Total unemployment	Partial unemployment
1927	September	2.4	2.5
	October	2.0	2.0
	November	2.3	3.3
	December	2.7	4.8
1928	January	3.2	6.6
	February	3.7	8.6
	March	4.3	10.9
	April	5.4	14.3
	May	6.3	17.9
	June	6.7	23.3
	July	7.0	24.4
	August	7.9	29.3

Diagram 10



The information supplied by the index for the consumption of raw hides is confirmed by the particulars published in regard to the leather-working industry. Since the beginning of 1928 the degree of employment in this industry has been unsatisfactory, in particular in the case of shoe factories, which are subject to heavy competition from foreign goods.

Whereas at the end of 1927 and the beginning of 1928 the level of unemployment was fairly low, the number of shifts forced to put in reduced hours of work has since rapidly increased. *Part* unemployment, expressed as a percentage of the registered members of the workers' unions, rose from 5.86 per cent in September 1927 to 11.7 per cent in January 1928; it has since become more serious and in June reached its maximum of 28.2 per cent. Taking the percentage of unemployment in the shoe industry alone, we find that in June it reached its maximum of 56.9 per cent. Total unemployment, although less serious, has also advanced, having risen from 7.6 per cent in January 1928 to 11.6 per cent in August 1928.

Rubber.

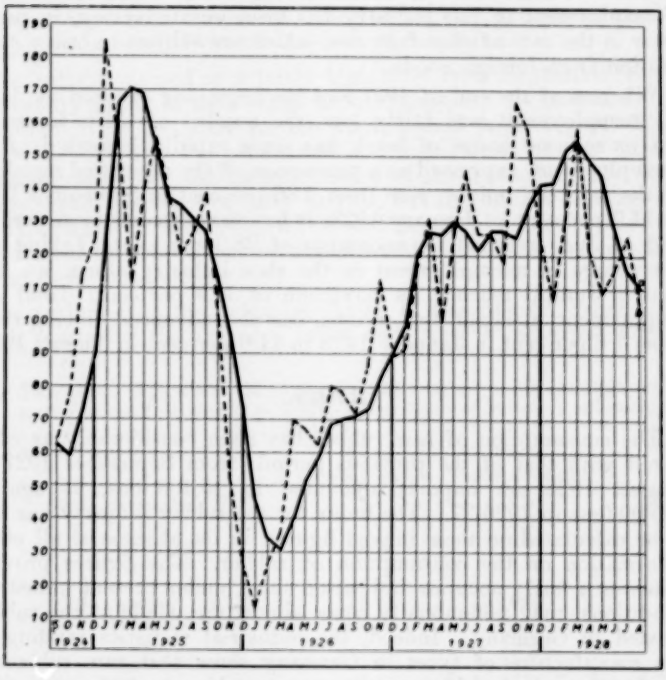
The consumption of raw rubber has risen considerably as compared with that of the previous period: from September 1927 to August 1928 net imports amounted to 46.400 tons, as against 39,900 tons in 1926-27. The index for the rubber industry has had to be calculated on these import figures, in the absence of all other information on the consumption of rubber. The figures provide however a fairly accurate indication since, under present industrial conditions, they undoubtedly cover almost the whole of the rubber treated in Germany. Indeed, the industrial statistics relating to the manufacture of tyres in Germany show that raw rubber is used to the extent of 57 per cent, as against 4 per cent of regenerated rubber. The increased imports of raw rubber point indirectly to the favourable development of several industrial branches,

in particular the rubber tyre industry which consumes about half of the raw materials imported, and the electro-technical industry which absorbs most of the remainder.

The index for the consumption of raw rubber has been averaged over a period of four months, seasonal variations being left out of account. The index was 128 in September 1927. It has since advanced considerably, with the exception of a slight setback in October, and in March 1928 it reached its maximum of 156. It then began a steady fall, which became more marked in the middle of the year and came to an end in August at 111, the minimum for the whole period under report. It cannot however be definitely said that the drop is due to market conditions. It might also be explained by the fact that on November 1, 1928 the restrictions came to an end which have been imposed on the exports of the British colonies—the most important producers of rubber. The restoration of free trade was expected to bring about a fall in prices, and for this reason importers may have displayed a certain reserve in their purchases.

The index for the consumption of raw rubber is given as *Diagram 11*, where curve *a* represents the averaged index after the elimination of seasonal variations, and curve *b* the gross index.

Diagram 11



Germany in the world consumption of rubber comes third on the market, after the United States and Great Britain.

Building Industry.

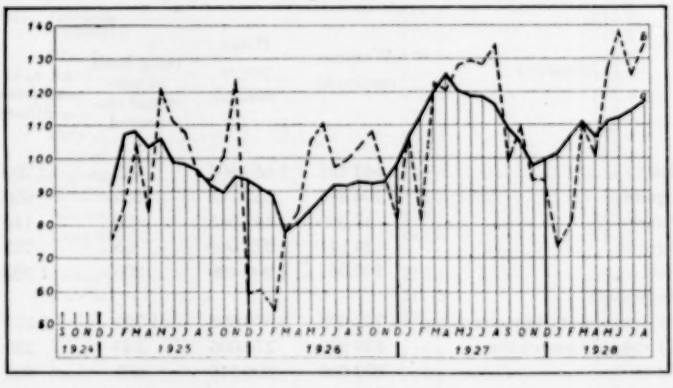
During the period under report the building industry developed along lines differing from those noted for the previous year. In the first place, there were fewer new constructions, while in the second place the maximum degree of activity, which in 1927 was found to have occurred in May, did not materialise until August of 1928.

This circumstance is explained less by seasonal factors than by altered conditions in regard to the supply of funds for the financing of the new buildings. It is indeed generally recognised that the building industry in Germany cannot be looked upon as normal, for the reason that constructional work has no relation to actual requirements, as it would have on an open market, but is regulated by the volume of available funds, largely supplied by the public departments.

The index of the building industry has been calculated as it was last year, on a basis of the building permits issued each month in 38 cities of Germany with more than 100,000 inhabitants. Seasonal variations have been eliminated and the index has been averaged over four months. In the course of the period September 1, 1927 to August 31, 1928, the index first declined towards the end of the year (as it usually does), reaching its lowest level in November-December 1927 with 98.2 and 100.0 respectively. At the beginning of 1928 it rose slightly, but more slowly than in the previous year; it was not until April that the upward movement was clearly marked. It has since risen further, reaching its maximum of 117.7 in August 1928. Throughout the period, the index remained in absolute value below that of the previous twelve months.

The movement of the index for the building industry is shown in *Diagram 12*; curve *a* represents the averaged index after the elimination of seasonal variations, and curve *b* the gross index.

Diagram 12



These indications are confirmed by the unemployment statistics for workers in the building industry, the degree of employment having been less satisfactory in general. Expressed as a percentage of the members of the workers' unions, the total unemployment was

still 9.5 per cent in May 1928, as against 6.9 per cent in May 1927; it did not reach its lowest level until July-August 1928, with 6.6 and 6.8 per cent respectively.

General Index.

The general index for industrial production has been calculated by the combination of the *twelve simple indices* which are to be found above and which we here enumerate as follows:

the production of coal for the coal mining industry;
the production of lignite for the lignite industry;
the production (sales) of potash for the potash industry;
the production of pig-iron for the pig-iron industry;
the production of crude steel for the steel industry;
the production of rolled products and *the consumption of copper* for the machinery industries;
the apparent consumption of raw cotton for the cotton industry;
the apparent consumption of raw wool for the wool industry;
the apparent consumption of raw hides for the leather industry;
the apparent consumption of raw rubber for the rubber industry;
the building permits issued for the building industry.

The simple indices have not been combined by taking the arithmetic mean, but have been weighted by the application to each one of them of a co-efficient in proportion to the number of persons employed in each industry on the one hand and the horse power utilised on the other hand.

The "weights" thus fixed are those used for last year, that is to say they are based on the last occupational census of June 16, 1925, no more recent official data having been published. Below we reproduce the table from the report of November 15, 1927, indicating these co-efficients:

Industries	Workers employed	Horse power utilised	Weights on a basis of personnel employed	Weights on a basis of power utilised
Coal	564 491	2 688 804	565	2 700
Lignite	104 446	651 743	105	650
Potash	17 968	141 095	20	140
Pig-iron	24 111	223 069	25	225
Steel	206 061	1 906 409	205	1 905
Machinery:				
a) Iron and steel constructions	1 732 698	2 576 603	1 735	2 575
b) copper constructions	339 970	278 006	340	280
Cotton	883 606	690 546	885	690
Wool	598 632	334 568	600	335
Leather	524 630	192 863	525	195
Rubber	64 005	92 680	65	95
Building	1 433 734	441 304	1 435	440

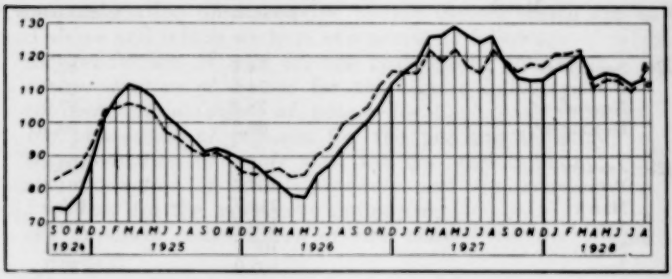
The general index for the period September 1, 1927, to August 31, 1928, weighted according to these two series of data, appears in the following table, which for purposes of comparison also gives the figures for previous years from September 1924 onwards:

	Month	On a basis of personnel	On a basis of motive power
1924	September [1]	74.4	82.7
	October [1]	74 1	85.0
	November [1]	78.3	87.0
	December [1]	89.2	93.5
1925	January	101.7	103.9
	February	107.7	104 3
	March	111.7	105.9
	April	110.7	104.8
	May	107 7	103 1
	June	102.0	97.3
	July	99.4	95 5
	August	95 7	92.1
	September	91.9	90.7
	October	92.7	91.5
	November	91.3	89.1
	December	89.2	85.3
1926	January	87.9	84.4
	February	84.1	85 0
	March	81.5	86.4
	April	78.4	83.8
	May	77.8	84 0
	June	84.5	90 5
	July	87 3	92.5
	August	92.8	99 6
	September	97.1	102.1
	October	100.5	104.9
	November	105.4	111.2
	December	112.1	115.7
1927	January	115.7	115.3
	February	118.4	115 2
	March	126.3	121.9
	April	126 3	118 8
	May	129 3	122.4
	June	126.5	117.1
	July	123.6	115.4
	August	125.9	122 1
	September	118.6	118.8
	October	114.2	116.0
	November	113.1	118.2
	December	113.4	117.2
1928	January	116.1	120.8
	February	117.9	120.7
	March	121.0	121.7
	April	113.7	111.1
	May	115.3	113.1
	June	114.6	112.9
	July	112.0 [2]	109.9 [2]
	August	113.6 [2]	115.3 [2]

[1] Not including the building industry, for which no information is available for 1924.
[2] Not including the leather industry, for which no information is available.

The above indications are shown in *Diagram 13*: curve *a* represents the general index weighted according to the *number of workers employed*, and curve *b* the general index weighted according to the *horse power utilised*.

Diagram 13



The movements of the general index are very similar, whether it is weighted by one or the other series of co-efficients. After a decline in the last few months of 1927, it rises again at the beginning of 1928 to the previous level. Between March and April 1928 there is a more marked decline which continues, not without some upward movements, during the following months, while from July onwards the index rises once more.

Observations regarding the degree of occupation throughout all industries confirm the information supplied by the general index, as shown by the table below[1]. From September 1927 to May—June 1928 unemployment was below the level of the corresponding months of the previous year, while subsequently it exceeded the previous level.

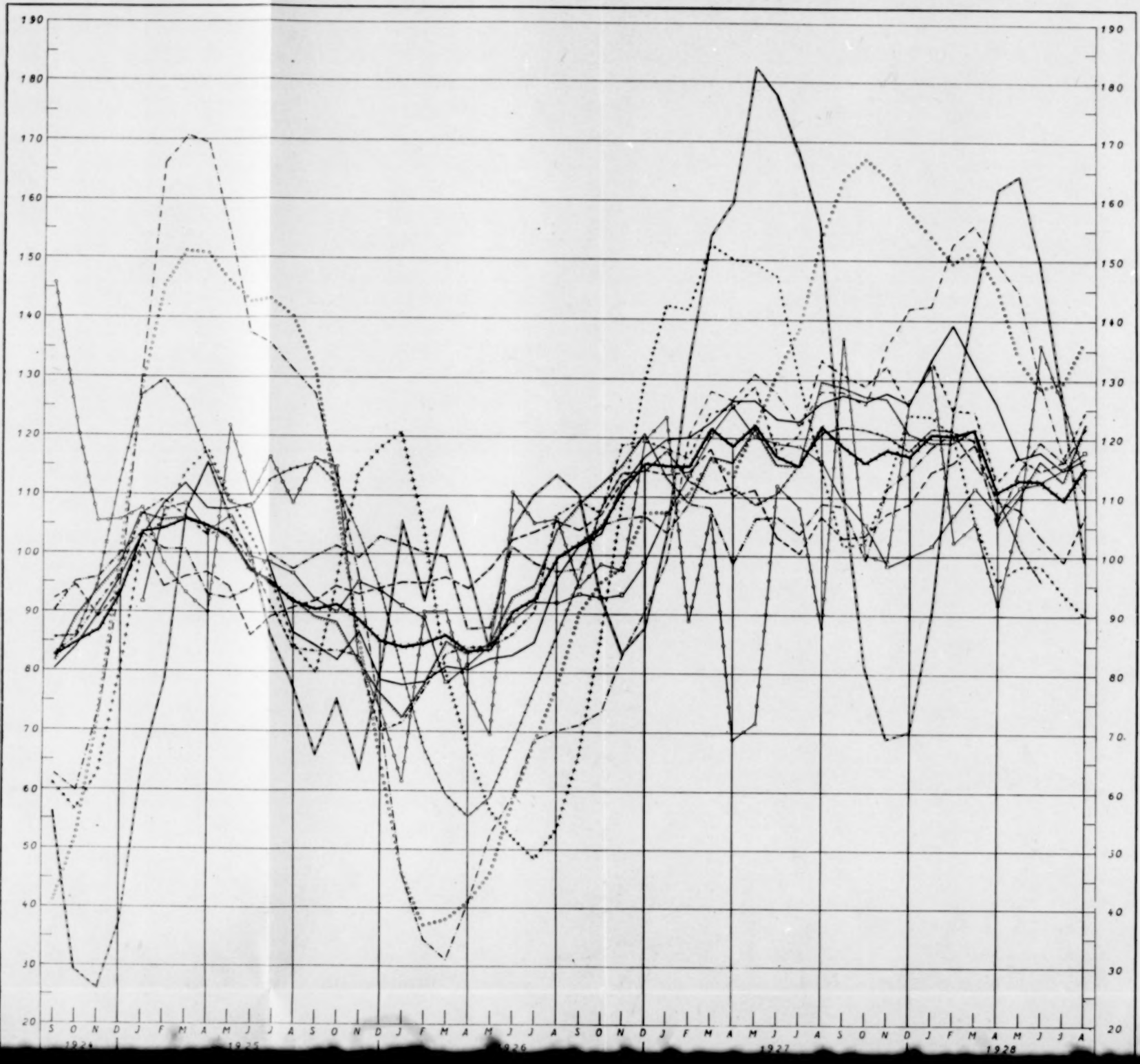
It is a matter for regret that, in the absence of regular and complete statistics, the general index has been calculated for a series of industries not including such branches as the chemical industry or the electrical industry. There is no doubt that indices for the output of these two branches, which are at present fully occupied would accentuate favorably the trend of the general index.

* * *

[1]) The percentage of members of trade unions who were wholly or partly unemployed (part unemployment being expressed in terms of total unemployment) in 1927-28 is indicated with due allowance for seasonal variations. For purposes of comparison the figures for the previous years are also given.

	1924/25	1925/26	1926/27	1927/28
September	18.1	7.5	22.0	6.0
October	13.4	10.3	19.8	5.8
November	10.3	17.3	18.5	9.0
December	7.6	20.2	14.8	10.8
January	6.9	22.2	13.5	9.0
February	7.2	24.4	14.3	9.5
March	7.4	29.8	13.2	10.5
April	5.7	26.0	10.3	8.3
May	4.8	24.7	7.9	7.7
June	4.8	24.6	7.3	7.9
July	5.2	24.3	6.5	8.7
August	6.3	23.3	6.2	9.0

Diagram 14.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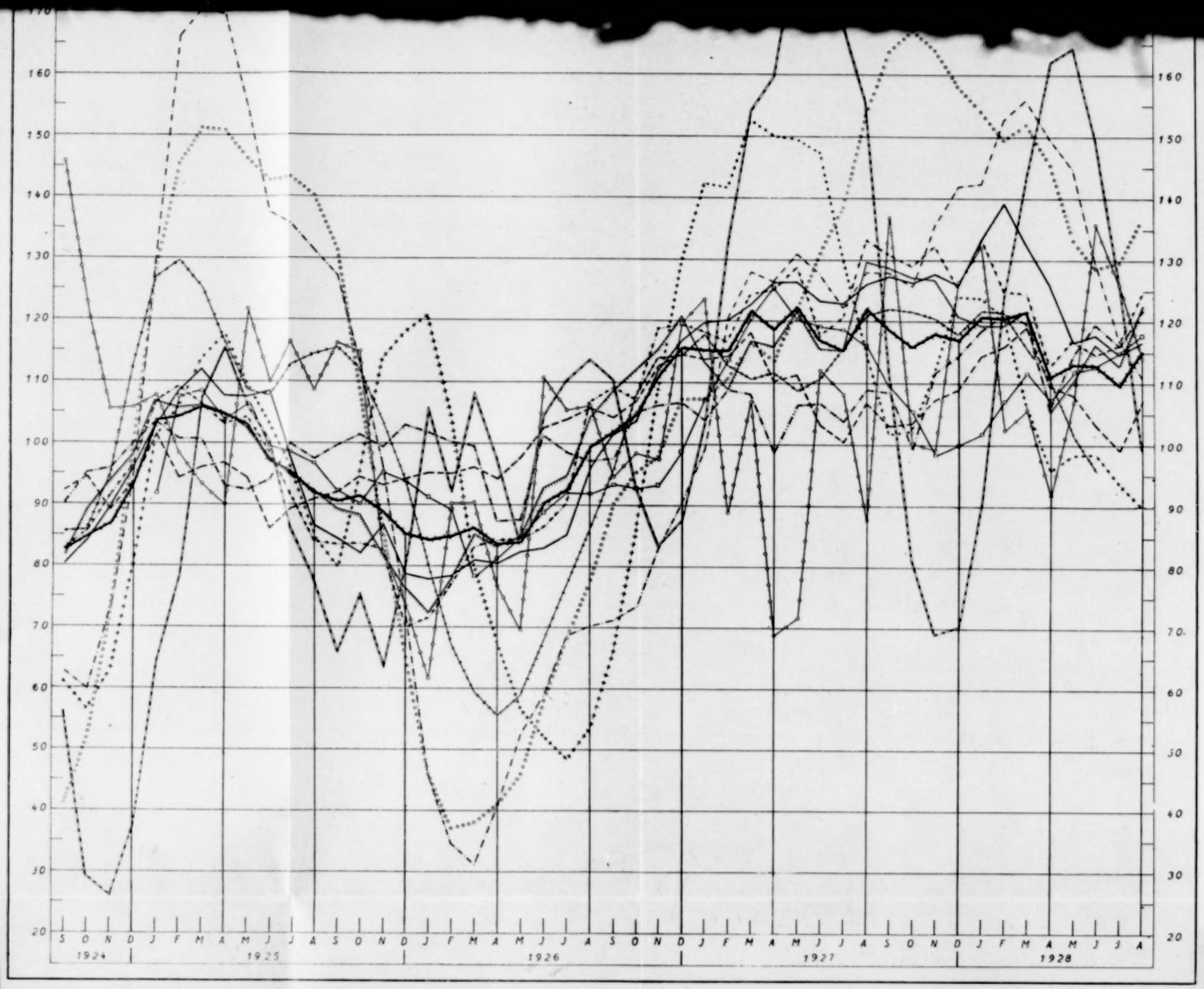

Extraction de houille Extraction of coal Steinkohlenförderung	Production de fonte Output of pig-iron Roheisengewinnung	Consommation de coton Consumption of cotton Verbrauch von Baumwolle	Consommation de caoutchouc Consumption of rubber Verbrauch von Kautschuk
Extraction de lignite Extraction of lignite Braunkohlenförderung	Production d'acier Output of steel Rohstahlgewinnung	Consommation de laine Consumption of wool Verbrauch von Wolle	Consommation de cuivre Consumption of copper Verbrauch von Kupfer
Production(ventes)de potasse Production(sales) of potash Kaliförderung (Absatz)	Production de laminés Output of rolled products Walzwerkserzeugnisse	Consommation de peaux Consumption of hides Verbrauch von Häute	Permis de construire Building licences Bauerlaubnisse
	Indice général General Index Generalindex		

Diagram 14 combines, for the period September 1, 1924 to August 31, 1928, all the simple indices and a general index weighted according to the motive power utilised. The Graph indicates that in 1927-28 there was no uniformity of movement such as that noted for 1926-27. Nevertheless the increased industrial production noted in 1926-27, which in the most important categories (coal, lignite, potash, pig-iron, steel, rolled products) exceeded by about 20 to 25 per cent on an average the level for 1913, the last year before the war (see *Annex VII*), was maintained in 1927-28.

It may well be concluded that the output of German industry, without revealing during the period under report the gradual rise noted in 1926-27, developed satisfactorily in 1927-28, and maintained on the whole with but slight fluctuations the high level already reached. Proof of this is afforded both by the figures for unemployment, which during the period under report fell short in absolute value of the 1926-27 level, and by the increased exports of finished goods, in particular iron and steel goods and machinery (especially electrical machinery). Moreover, the financial results already published for the financial year 1927-28 give reason to anticipate that the increase in profits obtained by the industrial undertakings as stated above (see page 14) for the financial years 1926-27 and 1927 will probably be maintained this year.

Berlin, November 15, 1928.

B. NOGARA.

Note.—The Industrial Charges Law (Industriebelastungsgesetz) does not confer upon the Trustee for German Industrial Debentures the function or right to supervise the activity of the concerns which have issued debentures. The Trustee has not at his disposal special sources of information in regard to the activity of German industrial production. The information and figures contained in the present Report which relate to the position of German industry have been drawn from official and private publications appearing in Germany.

Annex I.

Bankruptcies and Liquidations of concerns subject to the Industrial Charge.

Month	Number and nominal amount of individual debentures handed over by the concerns				Total	
	Bankruptcies		Liquidations		Number	Nominal amount
		GM.		*GM.*		*GM.*
1927						
September	28	691,380	155	7,992,180		
October	20	785,380	36	2,498,020		
November	22	1,471,540	80	2,876,975		
December	35	1,141,805	44	3,072,688		
	105	4,090,105	315	16,439,863	420	20,529,968
1928						
January	35	1,447,585	44	2,203,860		
February	38	1,135,479	53	3,625,669		
March	21	503,240	40	2,178,064		
April	22	1,178,520	51	1,658,941		
May	34	844,180	5	142,140		
June.....	30	551,480	5	358,119		
July	24	563,800	44	2,508,000		
August.....	10	315,000	45	1,590,000		
	214	6,539,284	287	14,265,393	501	20,804,677
	319	10,629,389	602	30,705,256	921	41,334,645

Annex II.

The Movement towards Concentration in German Industry.

(September 1, 1927—August 31, 1928.)

	Page
I. Building and Building Materials	260
II. Food Stuffs Industry	261
III. Heavy Industry	265
IV. Chemical Industry	266
V. Electrical Industry	268
VI. Machinery and Metal Industry	270
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VIII. Transport Industry	278
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The movement towards concentration in German Industry.

Date	Concern	Registered office	Capital of each concern in *R.M*
	I. Building and Building Materials		
	A. Purchase of holdings or shares		
July 1927	The "Adler" Deutsche Portland-Cement-Fabrik A. G.	Berlin	7,532,000
	purchased *R.M* 700,000 shares of the Portland-Cement-Werk "Saale" A. G.	Granau near Halle	2,406,000
Novembre 1927	The Deutsche Asphalt-Akt.-Ges. der Limmer und Vorwohler Grubenfelder	Hannover	4,000,000
	purchased a large holding in the Schliemann & Co. Asphaltfabrik und Teerdestillation A. G.	Hannover	455,000
June 1928	The Stettiner Chamotte-Fabrik A. G. (vorm. Didier)	Stettin	18,000,000
	purchased the majority of the shares of the Scheidhauer und Gießing A. G.	Bonn	6,000,000
	B. Amalgamations		
July 1927	Formation of the Deutsche Asbestwerke A. G.	Bremen	1,200,000
	bringing in the following concerns: Metzler Asbestwerke G. m. b. H.	—	—
	Berliner Asbestwerke Wilhelm Reinhold	Berlin	—
November 1927	The Schlesische Basaltwerke A. G.	Pilgramsdorf	1,000,000
	absorbed the following concerns: Holzammer, Bauer & Co., G. m. b. H.	Lichtenau	—
	Basaltsteinwerke Wiesa	Wiesa	—
January 1928	The Grundstücksverwertungs-Gesellschaft	Rummelsburg	200,000
	amalgamated with the Ludwig Lehmann A. G.	Berlin	1,200,000
March 1928	The Hansa A. G.	Barmen	400,000
	amalgamated with the Bergisch-Märkische Industrie-Gesellschaft	Barmen	1,000,000
May 1928	The Süddeutsche Immobilien-Gesellschaft	Frankfort on Main	3.000,000
	absorbed the Frankfurter Vorort-Terrain-Gesellschaft	Frankfort on Main	170,000

Date	Concern	Registered office	Capital of each concern in ℛℳ
July 1928	The "Adler" Deutsche Portland-Cement-Fabrik Act. Ges.	Berlin	7,532,000
	absorbed the Portland-Cement-Werk "Saale" A. G.	Granau near Halle	2,406,000
	C. Formation of "Communities of Interests"		
January 1928	Formation of the Bauverbands-Aktiengesellschaft	Berlin	—
	with the participation of the following concerns:		
	Allgemeine Elektrizität-Gesellschaft	Berlin	156,250,000
	Julius Berger Tiefbau Akt.-Ges.	Berlin	7,500,000
	Dyckerhoff & Widmann A. G.	Wiesbaden	4,000,000
	Hochtief A. G. für Hoch- und Tiefbauten (vorm. Gebr. Helfmann)	Essen	2,500,000
	Polensky & Zöller O. H. G.	Driesen	—
	Weyß & Freitag A. G.	Frankfort on Main	12,000,000
April 1928	Vereinigte Grauwacke- und Basalt A. G.	Bonn	2,000,000
	Westerwaldbrücke A. G.	Bonn	7,000,000
April 1928	Formation of the Ruhrwohnungsbau A. G.	Dortmund	100,000
	for the construction of cheap dwelling houses with the participation of the following concerns:		
	Klöckner-Werke A. G.	Rauxel	90,000,000
	Phönix A. G. für Bergbau und Hüttenbetrieb	Düsseldorf	300,000,000
	Vereinigte Stahlwerke A. G.	Düsseldorf	800,000,000
	Eisen- und Stahlwerke Hoesch A. G.	Dortmund	55,350,000
	Köln-Neuessener Bergwerksverein A. G.	Cologne	53 410 000
	and other concerns of the Rhenish-Westphalian basin		
	II. Foodstuffs Industry		
	A. Purchase of holdings or shares		
December 1927	The Schultheiß-Patzenhofer Brauerei A. G.	Berlin	50,000,000
	purchased a holding in the Lagerbierbrauerei E. Haase G. m. b. H.	Breslau	—
	and the majority of the shares of the Breslauer Aktienmalzfabrik A. G.	Breslau	1,250,000
January 1928	The Großbrauerei Riegele	Augsburg	—
	purchased the majority of the shares of the Brauerei Alex. Stötter A. G.	Augsburg	805,000

Date	Concern	Registered office	Capital of each concern in RM
January 1928	The Bast A. G.	Nuremberg	2,200,000
	purchased a holding in the Müller & Feder G. m. b. H.	Grossachsen near Weinheim	550,000
January 1928	The Allgäuer Brauhaus A. G.	Kempten	200,500
	purchased the Brauerei zur Sonne	Oberstdorf	—
January 1928	The Engelhardt-Brauerei A. G.	Berlin	12,100,000
	purchased the majority of the shares of the Aktienbrauerei Cöthen	Cöthen	1,000,000
March 1928	The Deutsche Mühlenvereinigung A. G.	Berlin	10,000,000
	purchased 90% of the shares of the Weizenmühle Karl Salomon & Co., A. G.	Berlin	1,600,000
March 1928	The Zuckerfabrik Delitzsch G.m.b.H.	Delitzsch	675,000
	purchased shares of the Zuckerfabrik Knauer, Beil & Co.	Schwoitsch near Groebers	—
April 1928	The Deutsche Mühlenvereinigung A. G.	Berlin	10,000,000
	purchased a holding in the Rosiny Mühlen Akt. Ges.	Duisburg	2,100,000
April 1928	The Deutsche Maizena A. G.	Hamburg	7,000,000
	purchased the majority of the shares of the W. A. Scholten, Stärke- und Syrupfabriken Akt. Ges.	Brandenburg (Havel)	2,700,000
April 1928	The A. Prang, Dampf- und Wassermühlenwerke Akt. Ges.	Gumbinnen	2,000,000
	purchased the majority of the shares of the "Pinau" A. G. für Mühlenbetrieb	Königsberg	700,000
April 1928	The Aktienbrauerei zum Löwenbräu	Munich	13,000,000
	purchased the majority of the shares of the Tölzer Aktienbrauerei A. G.	Bad Tölz	280,000
June 1928	The Pschorrbräu Aktiengesellschaft	Munich	3,005,000
	purchased a parcel of shares of the Schloßbrauerei Planegg A. G.	Planegg-Munich	900,000
June 1928	The Mühlenwerke Otto Naumann & Co.	Ruguhn	500,000
	purchased the majority of the shares of the Mühle Wettin A. G.	Wettin	165,000
July 1928	The Leipziger Bierbrauerei zu Reudnitz (Riebeck & Co.)	Reudnitz	18,610,000
	purchased the majority of the shares of the Bürgerliches Brauhaus A.G.	Saalfeld	2,600,000

Date	Concern	Registered office	Capital of each concern in ℛℳ
August 1928	The Dortmunder Ritterbrauerei A.G. purchased a parcel of shares of the	Dortmund	4,565,000
	Glückauf-Brauerei A. G.	Gelsenkirchen	2,910,000
	B. Amalgamations		
October 1927	Formation of the Landré-Breithaupt-Weissbier-Brauerei Akt. Ges.	Berlin	—
	by the amalgamation of the following concerns:		
	Berliner Weissbier-Brauerei (vorm. Carl Landré)	Berlin	825,000
	C. Breithaupt-Weissbierbrauerei	Berlin	—
December 1927	The Schultheiss-Patzenhofer Brauerei Akt. Ges.	Berlin	50,000,000
	absorbed the following concerns:		
	Oppelner Aktienbrauerei und Presshefefabrik	Oppeln	990,000
	Vereinsbrauerei Akt. Ges.	Beuthen	880,000
	Brauerei Jaekel A. G.	Strehlen	500,000
	Oberschlesische Bierbrauerei	Hindenburg	—
December 1927	Formation of the Heinrich Auer Mühlenwerke	Duisburg	2,500,000
	by the amalgamation of the following concerns:		
	Heinrich Auer Mühlenwerke G. m. b. H.	Cologne-Deutz	1,000,000
	Mühlenprodukte G. m. b. H.	Duisburg	—
January 1928	The Thüringer Export-Bierbrauerei A. G.	Neustadt-Orla	375,000
	absorbed the Bierbrauerei Eichberg A. G.	Sonneberg	150,000
January 1928	Formation of the Frankonia Schokoladenwerke A. G.	Würzburg	2,500,000
	by the amalgamation of the following concerns:		
	Frankonia Schokolade- und Konservenfabrik (vorm. W. F. Wucherer & Co., A. G.)	Würzburg	2,000,000
	Ferdinand Karnatzki A. G.	Wernigerode	1,050,000
February 1928	The Schlegel-Scharfenseel Brauerei A. G.	Bochum	4,605,000
	absorbed the Viktoria-Brauerei A. G.	Bochum	1,800,000
March 1928	The Pfeiffer & Langen A. G.	Cologne	10,000,000
	absorbed the Kreis Jülicher Zuckerfabrik	Ameln (Rhineland)	—
	and the Gilbacher Zuckerfabrik A. G.	Wevelinghofen (Rhineland)	600,000

Date	Concern	Registered office	Capital of each concern in *RM*
March 1928	Formation of the Aktienges. Paulanerbräu-Salvatorbrauerei und Thomasbräu	Munich	10,000,000
	by the amalgamation of the following concerns:		
	A. G. Paulanerbräu-Salvatorbrauerei	Munich	5,880,000
	Thomasbrauerei	Munich	—
June 1928	The Ulmer Brauereigesellschaft A. G.	Ulm	1,406,000
	absorbed the Hecht-Brauerei	Ulm	—
June 1928	The Zuckerfabrik Wendessen A. G.	Wendessen	256,000
	absorbed the Aktien-Zuckerfabrik Rautheim	Rautheim	376,000
July 1928	The A. G. Paulanerbräu-Salvatorbrauerei und Thomasbräu	Munich	10,000,000
	absorbed the Waitzingerbräu A. G.	Miesbach	2,005,000
July 1928	The Aktien-Lagerbier-Brauerei zu Schloss Chemnitz	Schloss Chemnitz	2,200,000
	absorbed the Bürgerliches Brauhaus Freiberg A. G.	Freiberg (Sa.)	300,000
August 1928	Formation of the Asbach & Co. A. G.	Wiesbaden	5,800,000
	by the amalgamation of the following concerns:		
	Asbach & Co. G. m. b. H.	Rüdesheim	3,000,000
	Weinbrennerei (vorm. Gebr. Macholl) A. G.	Munich	1,200,000
	C. Formation of "Communities of Interests"		
November 1927	The Getreide-Industrie und Commission Aktiengesellschaft	Berlin	—
	formed the Deutsche Mühlenvereinigung A. G.	Berlin	10,000,000
	by bringing into the new company its holdings of shares of the following concerns:		
	Mühlenwerke F. Kiesekamp A. G.	Münster i. W.	3,000,000
	J. Syberberg A. G.	Cologne-Mülheim	1,200,000
	Crefelder Mühlenwerke A. G.	Crefeld	1,500,000
	Wittener Walzmühle A. G.	Duisburg-Witten	900,000
	Dortmunder Mühlenwerke A.G.	Dortmund	1,500,000
	Hefftsche Kunstmühle A. G.	Mannheim	1,600,000
March 1928	Pfeiffer & Langen A. G.	Cologne	10,000,000
	Rheinischer Aktienverein für Zuckerfabrikation	Cologne	1,400,000

Date	Concern	Registered office	Capital of each concern in *RM*
	III. Heavy Industry (Mines and Metallurgical)		
	A. Purchase of holdings or shares		
September 1927	The Felton & Guilleaume Carlswerk A. G.	Cologne-Mühleim	60,000,000
	purchased shares of the Rhein-Lenne-Eisenwerke A. G.	Mülheim (Ruhr)	1,000,000
December 1927	The Rawack & Grünfeld A. G.	Berlin	5,000,000
	purchased a holding in the Norddeutsche Hütte A. G.	Bremen	9,000,000
January 1928	The Vereinigte Stahlwerke A. G.	Düsseldorf	800,000,000
	purchased a holding in the Silika-Chamotte Fabriken Martin & Pagenstecher A. G.	Cologne-Mülheim	2,300,000
March 1928	The Friedr. Krupp A. G.	Essen	160,000,000
	purchased 500 shares of the Gewerkschaft Emscher-Lippe	Datteln i. W.	—
	and 43% of the shares of the Nordeutsche Hütte A. G.	Bremen	9,000,000
March 1928	The Braunschweigische Kohlenbergwerke	Helmstedt	12,750,000
	purchased the majority of the shares of the Gewerkschaft Jacobsgrube	Stassfurt	—
March 1928	The Eisen- und Stahlwerke Hoesch A. G.	Dortmund	55,350,000
	purchased the new shares of the Stahl- und Eisenwerke Döhner A. G.	Letmathe	1,120,000
April 1928	The Steinkohlenbergwerke Friedrich Heinrich Akt. Ges.	Lintfort near Mörs	22,000,000
	purchased the majority of the shares Gewerkschaft Norddeutschland	—	—
	B. Amalgamations		
October 1927	The Kali-Industrie A. G.	Berlin	320,000,000
	absorbed the Gewerkschaft Wintershall	Cassel	—
October 1927	The Sachtleben A. G. für Bergbau und Chemische Industrie	Cologne	12,000,000
	absorbed the Harkortsche Bergwerke und Chemische Fabriken Akt.-Ges.	Gotha	3,070,000
December 1927	The Kali-Industrie A. G.	Berlin	320,000,000
	absorbed the A. G. Deutsche Kaliwerke	Bernterode	14,400,000

Date	Concern	Registered office	Capital of each concern in ℛℳ
February 1928	The Eisen- und Stahlwerke Hoesch A. G.	Dortmund	55,350,000
	absorbed the Walz- und Federwerk Boecker & Röhr G. m. b. H.	Hohenlimburg	—
June 1928	The Eisen- und Stahlwerke Hoesch A. G.	Dortmund	55,350,000
	absorbed the Spezialblech-Walzwerk A. G.	Dortmund	300,000
	C. Formation of "Communities of Interests"		
September 1927	The Mülheimer Bergwerks-Verein concluded a „community of interests" with the Gewerkschaft Mathias Stinnes for the distribution of the profits of the Gewerkschaft Vereinigte Welheim.	Mülheim	20,000,000
January 1928	The A. G. für Bergbau-, Blei- und Zinkfabrikation zu Stolberg und in Westfalen	Aix-la-Chapelle	12,079,200
	concluded an economic and technical agreement with the Metallbank und Metallurgische Gesellschaft A. G.	Frankfort on Main	34,660,000
	IV. Chemical Industry		
	A. Purchase of holdings or shares		
December 1927	The I. G. Farbenindustrie A. G.	Frankfort on Main	1,100,000,000
	purchased the majority of the shares of the Lignose-Film G. m. b. H.	Berlin	1,250,000
February 1928	The Rudolf Lauche A. G.	Leipzig	300,000
	purchased the Chemische Werke Tansau A. G.	Tansau near Rosenheim	625,000
February 1928	The Heil-Beringer Farben-Fabriken A. G.	Berlin	6,500,000
	purchased the Farbenfabrik Hammerschlag & Beyer	Zollhaus	—
April 1928	The Chemische Fabrik Billwärder (vorm. Heil & Stahmer) A. G. ...	Hamburg	5,500,000
	purchased the Phosphatfabrik Jankemisk A. G.	Frankfort on Main	1,100,000
May 1928	The I. G. Farbenindustrie A. G.	Frankfort on Main	1,100,000,000
	purchased a part of the shares of the Consolidierte Braunkohlenwerke „Caroline" bei Offleben A. G.	Magdeburg	2,407,000

Date	Concern	Registered office	Capital of each concern in RM
July 1928	The Vereinigte Glanzstofffabriken A. G.	Elberfeld	75,000,000
	purchased the shares of the Spinnfaser A. G.	Elsterberg i. V.	3,970,000
	B. Amalgamations		
July 1927	Formation of the Deutsche Pyrotechnische Fabriken Akt. Ges.	Berlin	1,540,000
	by the amalgamation of the following concerns:		
	Wilhelm Fischer A. G.	Cleebronn	120,000
	William Weiffenbach	Geradstetten	—
	Berliner Kunst-Feuerwerkerei Deichmann & Co.	Berlin-Malchow	—
March 1928	The Vereinigte Glanzstofffabriken A. G.	Elberfeld	75,000,000
	absorbed the Bayerische Glanzstoff-Akt. Ges.	Munich	2,000,000
	and the Vereinigte Kunstseidenfabriken A. G.	Frankfort on Main	3,000,000
June 1928	The Heyl-Beringer Farben-Fabriken A. G.	Berlin	6,500,000
	absorbed the Karaus Farben- und Oelwerke A. G.	Düsseldorf	744,000
June 1928	The Andreae-Noris Zahn A. G.	Frankfort on Main	2,300,000
	amalgamated with the Gebr. Keller Nachf. A. G.	Freiburg	240,000
July 1928	The T. D. Riedel A. G.	Berlin	10,010,000
	amalgamated with the E. de Haën Aktiengesellschaft	Seelze near Hanover	3,000,000
	and changed the trading name to T. D. Riedel — E. de Haën Akt. Ges.	Berlin	10,000,000
July 1928	The Rhenania-Ossag Mineralölwerke A. G.	Düsseldorf	40,000,000
	absorbed the Oelwerke Stern-Sonneborn Akt. Ges.	Hamburg	5,100,000
	C. Formation of "Communities of Interests"		
October 1927	Formation of the Kohle-Chemie A.G. in Essen	Essen	500,000
	with the participation of the Akt. Ges. für Kohlenverwertung and of several oil producing concerns of the Ruhr	Essen	25,000,000
October 1927	Rheinisch-Westfälische Sprengstoff Akt. Ges.	Cologne	14,160,000
	Gustav Genschow A. G.	Berlin	4,138,000

Date	Concern	Registered office	Capital of each concern in RM
January 1928	Formation of the Hensius v. Mayenburg Verwaltungsgesellschaft m. b. H.	Dresden	500,000
	for the control of the following concerns:		
	Leo-Werke A. G.	Dresden	1,000,000
	Calcium A. G. Chemische Fabrik Ulm	Dresden	20,000
	C. Stephan A. G.	Dresden	288,000
May 1928	Formation of the Siemens-Planiawerke A. G. für Kohlenfabrikate	Berlin	18,000,000
	with the participation of the Siemens & Halske A. G. (which brought in the firm of Gebr. Siemens & Co., Berlin)		
	and of the Rütgerswerke A. G. (which brought in the Plania-Werke, Ratibor)	Berlin	80,000,000
	V. Electrical Industry		
	A. Purchase of holdings or shares		
January 1928	The Gesellschaft für elektrische Unternehmungen	Berlin	40,010,000
	purchased about 95% of the shares of the Porzellanfabrik Joseph Schachtel Akt. Ges.	Josefinenau	800,000
February 1928	The Rheinisch-Westfälisches Elektrizitätswerk A. G. (R. W. E.)	Essen	140,000,000
	purchased 95% of the shares of the Elektrizitätswerk Illingen A. G.	Illingen	150,000
March 1928	The Allgemeine Lokalbahn und Kraftwerke Akt. Ges.	Berlin	18,000,000
	purchased the majority of the shares of the Württembergische Elektrizitäts-Aktiengesellschaft	Stuttgart	2,000,000
March 1928	The A. G. für Energiewirtschaft	Berlin	3,000,000
	purchased part of the shares of the Allgemeine Gas- und Elektrizitäts-Gesellschaft	Bremen	3,000,000
	B. Amalgamations		
November 1927	Formation of the Preußische Elektrizitäts Akt. Ges.	Berlin	80,000,000
	by the amalgamation of the following concerns:		
	Grosskraftwerk Hannover A. G.	Hanover	6,000,000
	Gewerkschaft Grosskraftwerk Main-Weser	Borken	—
	Preussische Kraftwerke Oberweser Akt. Ges.	Kassel	10,000,000

Date	Concern	Registered office	Capital of each concern in ℛℳ
March 1928	Formation of the Licht- und Kraftwerke Westmark A. G.		10,500,000
	by the amalgamation of the following concerns:		
	Elektrizitätswerke des Landkreises Aachen	Aix-la-Chapelle	—
	Licht- und Kraftwerke Eschweiler-Stolberg G. m. b. H.	Eschweiler	900,000
	Elektrizitätswerke des Kreises Düren	Düren	—
	Rheinische Licht- und Kraftwerke G. m. b. H.	Brand	—
August 1928	The Vereinigte Elektrizitätswerke Westfalen G. m. b. H.	Dortmund	42,000,000
	absorbed the Elektrizitätsverband Büren-Brilon G. m. b. H.	Brilon	400,000
	C. Formation of "Communities of Interests"		
December 1927	The Bayernwerk A. G.	Munich	6,000,000
	concluded an agreement with the Rhein-Main-Donau A. G. for the supply of electric power	Munich	2,700,000
January 1928	The Elektrowerke A. G.	Berlin	60,000,000
	concluded an agreement with the Preussische Elektrizitäts A. G. in respect of supply of lignite	Berlin	80,000,000
March 1928	The Hamburger Elektrizitäts-Werke A. G.	Hamburg	88,008,000
	concluded an agreement for the supply of electric power with the Norddeutsche Kraftwerke A. G.	Hamburg	8,600,000
May 1928	Formation of the A. G. für Elektrizitätswirtschaft		1,000,000
	with the participation of the following concerns:		
	Preussische Elektrizitäts Akt. Ges.	Berlin	80,000,000
	Elektrowerke Akt.-Ges.	Berlin	60,000,000
	Bayernwerk Akt. Ges.	Munich	6,000,000
May 1928	Formation of the Energieversorgung Rothenburg o. d. T., G. m. b. H.	Rothenburg o.d.T.	—
	with the participation of the Allgemeine Energieversorgung A. G.	Heidelberg	—
	and the town of Rothenburg o. d. T.	—	—

Date	Concern	Registered office	Capital of each concern in RM
May 1928	The Geraer Elektrizitätswerk- und Straßenbahn A. G.	Gera	5,625,000
	transformed into a Holding Company and with the participation of the town of Gera formed a new company with a share capital of RM 8,500,000. It further brought in its own capital of RM 9,000,000, and ceded its new shares to the Elektra Akt. Ges.	Dresden	15,000,000
	in exchange for a holding in the following concerns:		
	Kraftwerk Sachsen-Thüringen A. G.	Auma	9,000,000
	Kraftwerk Thüringen A. G.	Gispersleben	6,968,000
	Thüringer Elektrizitäts- und Gaswerke A. G.	Apolda	3,608,000
	Sächsische Elektrizitätswerke und Strassenbahnen A. G.	Plauen	2,000,000
	Elektrizitätswerke Betriebs-A. G.	Riesa	1,000,000
	VI. Machinery and Metal Industry		
	A. Purchase of holdings or shares		
September 1927	The Vereinigte Industrie-Unternehmungen A. G. (Viag)		120,000,000
	purchased the new shares of the Deutsche Industrie-Werke A. G.	Berlin-Spandau	12,000,000
September 1927	The Lüdenscheider Metallwerke (vorm. Jul. Fischer & Basse)	Lüdenscheid	5,000,000
	purchased the majority of the shares of the Vereinigte Elektrotechnische Fabriken Busch F. W. & Gebr. Jäger A. G.	Lüdenscheid	2,572,000
November 1927	The Julius Pintsch A. G.	Berlin	9,012,000
	purchased the majority of the shares of the Bamag-Meguin A. G.	Berlin	16,063,000
November 1927	The Mannesmannröhrenwerke	Düsseldorf	115,464,000
	purchased 50% of the shares of the Rumpel A. G. für Wasserbau-, Heizungs- und Kanalisationsanlagen	Vienna	—
November 1927	The Metallbank und Metallurgische Gesellschaft A. G.	Frankfort on Main	34,660,000
	purchased the majority of the shares of the Lehnkering & Cie. A. G.	Duisburg	3,500,000
November 1927	The Joachim Koppel, Metallhüttenwerk	Berlin-Tempelhof	—
	purchased the majority of the shares of the Deutsche Schmelz- und Raffinerie Werke A. G.	Berlin	1,000,000

Date	Concern	Registered office	Capital of each concern in RM
December 1927	The Group Jacob Michel purchased the majority of the shares of the Maschinenfabrik A. G. (vorm. Wagner & Co.)	Cöthen	— 3,005,000
December 1927	The Süddeutsche Bremsen A. G. purchased a holding in the Motorenwerke Mannheim A. G. (vorm. Benz)	Munich Mannheim	10,000,000 5,000,000
January 1928	The Carl Lindström A. G. purchased the whole of the shares of the "Ipag" I. Polak Apparatebau A. G.	Berlin Berlin	7,000,000 440,000
February 1928	The Deutsche Schiffs- und Maschinenbau Akt. Ges. purchased holdings in the following concerns: Nüsche & Co., Schiffswerft, Kesselschmiede und Maschinenbau Anstalt A. G. A. G. Neptun Schiffswerft und Maschinenfabrik G. Seebeck A. G., Schiffswerft, Maschinenfabrik und Trockendocks	Bremen Stettin Rostock Wesermünde-Bremerhaven	25,000,000 2,428,000 2,000,000 3,240,000
February 1928	The Opelwerke zu Rüsselsheim purchased the majority of the shares of the Elite-Diamant-Werke A. G.	Rüsselsheim Brand-Erbisdorf	— 6,000,000
February 1928	The Pittler Werkzeugmaschinenfabrik Akt. Ges. purchased a holding in the Magdeburger Werkzeugmaschinenfabrik A. G.	Leipzig-Wahren Magdeburg	4,000,000 1,000,000
March 1928	The Heinrich Sonnenberg A. G. purchased holdings in the following concerns: Wotan-Werke A. G. Zimmermann-Werke A. G.	Düsseldorf Leipzig Chemnitz	1,000,000 4,971,000 840,000
May 1928	The Richard Kahn-Konzern purchased the majority of the shares of the Kalker Maschinenfabrik A. G.	Cologne-Kalk	— 1,200,000
May 1928	The Ludwig Loewe & Co. A. G. purchased a holding in the Berlin-Karlsruher Industrie-Werke A. G.	Berlin Berlin	15,000,000 30,000,000
June 1928	The Gebr. Junghans A. G. purchased the new shares of the Uhrenfabrik Lenzkirch Akt. Ges.	Schramberg Lenzkirch	21,000,000 1,000,000

Date	Concern	Registered office	Capital of each concern in ℛℳ
June 1928	The Zschopauer Motorenwerk J. S. Rasmussen A. G.	Zschopau	1,000,000
	purchased the majority of the shares of the Schütthoff A. G.	Chemnitz	1,100,000
July 1928	The Bremer Silberwarenfabrik A. G. purchased a holding in the Silberwarenfabrik Karl Kalzenbach & Söhne	Bremen	1,500,000
		Altensteig-Stuttgart	—
July 1928	The Elektromotoren-Werke K. Keiser purchased the majority of the shares of the Andree Hauschild-Werke A. G.	Berlin	—
		Berlin	506,000
July 1928	The Lindener Eisen- und Stahlwerke A. G.	Hann. Linden	2,064,000
	purchased a holding in the Braunschweigische Maschinenbauanstalt A. G.	Brunswick	1,615,000
	B. Amalgamations		
July 1927	The Siemens-Schuckert-Werke G. m. b. H.	Berlin	90,000,000
	has been transformed into a joint stock company with a capital of ℛℳ 120,000,000, by absorbing its branches:		
	Gummifabrik Westend G.m.b.H.	Berlin	—
	Hanseatische Siemens-Schukkertwerke G. m. b. H.	Hamburg	—
	Holzwollefabrik Peitz G.m.b.H.	Peitz N. L.	—
	Papierfabrik Marggraff & Engel G. m. b. H.	Wolfswinkel near Eberswalde	—
	Porzellanfabrik Neuhaus G. m. b. H.	Neuhaus (Thür.)	—
	Rheinische Siemens-Schuckertwerke G. m. b. H.	Mannheim	—
	Sächsische Draht- und Kabelwerke G. m. b. H.	Plauen i. V.	—
August 1927	The Eisen- und Emaillierwerke A. G. absorbed the following concerns:	Sprottau	6,800,000
	Warsteiner und Herzoglich Schleswig-Holsteinische Eisenwerke A. G.	Warstein	4,300,000
	Eisenhütten- und Emaillierwerke W. v. Krause G.m.b.H.	Neusalz a. O.	—
September 1927	The Vereinigte Kesselwerke A. G. absorbed the Jacques Piedboeuf G. m. b. H.	Düsseldorf	3,600,000
		Düsseldorf	480,000

Date	Concern	Registered office	Capital of each concern in ℛℳ
November 1927	The Maschinenfabrik Baum A. G.	Herne	4,200,000
	augmented its capital, absorbed the Gewerkschaft Schüchtermann & Cremer	Dortmund	—
	and changed the trading title to Schüchtermann & Cremer - Baum A. G. für Aufbereitung	Dortmund	6,600,000
December 1927	Formation of the Rösler Draht Akt. Ges.	Ammern St. Georg	2,000,000
	by the amalgamation of the following concerns:		
	Rheinische Drahtindustrie Ammern-St. Georg und Waldniel	Ammern St. Georg	—
	Gebr. Bernhardt Rösler	Essen	—
	Vereinigte Drahtwerke G.m.b.H.	Düsseldorf	—
December 1927	Formation of the Maschinenfabrik Buckau R. Wolf A. G.	Magdeburg	12,000,000
	by the amalgamation of the R. Wolf A. G. with the Maschinenfabrik Buckau A. G.	Magdeburg	6,000,000
December 1927	The Nationale Automobilgesellschaft A. G.	Berlin	17,000,000
	absorbed the Prestowerke A. G.	Chemnitz	4,045,000
December 1927	The Deutsche Schiffs- und Maschinenbau-Akt. Ges.	Bremen	25,000,000
	absorbed the Stettiner Maschinenbau Akt. Ges. Vulkan	Stettin	—
February 1928	The Rheinisch-Westfälische Stahl- und Walzwerke A. G.	Gelsenkirchen	6,500,000
	absorbed the Fabrik für Eisenbedarf Brenne Hangartner & Cie. A. G.	Haspe i. W.	600,000
March 1928	The Zeiss-Ikon A. G.	Dresden	15,000,000
	absorbed the Goerz photochemische Werke G. m. b. H.	Berlin	—
April 1928	The Linke-Hofmann-Werke A. G.	Berlin	21,000,000
	augmented its capital to ℛℳ 30,000,000 and changed its trading title to Linke-Hofmann-Busch-Werke A. G., and		
	absorbed the following concerns:		
	Waggon- und Maschinenfabrik A. G. (vorm. Busch)	Bautzen	7,000,000
	Sächsische Waggonfabrik Werdau A. G.	Werdau	3,732,000

Date	Concern	Registered office	Capital of each concern in ℛ.ℳ
April 1928	Formation of the Elektrolux A. G. by the amalgamation of the following concerns:	Berlin	4,000,000
	Lux G. m. b. H.	Berlin-Tempelhof	—
	Elektrolux G. m. b. H.	Berlin	—
May 1928	The Linke-Hofmann Busch Werke A. G.	Berlin	30,000,000
	absorbed the Waggonfabrik I. P. Goosens, Lochner & Co. K. G.	Brand near Aix-la-Chapelle	1,000,000
June 1928	The Schweinfurter Präzisions-Kugel-Lager-Werke Fichtel & SachsA.G.	Schweinfurt	9,006,000
	absorbed the Riebe Werke A. G.	Berlin	1,400,000
June 1928	The Hansa-Präzisionswerke A. G.	Bielefeld	225,000
	amalgamated with the Benteler Werke A. G.	Bielefeld	2,000,000
July 1928	The Maschinenfabrik Westfalia A. G.	Gelsenkirchen	930,000
	amalgamated with the Flottmann A. G.	Herne	3,544,000
August 1928	Formation of the Vereinigte Metallwaren- und Beleuchtungskörperfabriken A. G.	Neheim	1,700,000
	by the amalgamation of the following concerns:		
	Wetzschewald & Wilms G. m. b. H.	Neheim	20,000
	Elektro-Metallwerke G. m. b. H.	Neheim	50,000
	Metallwerke Neheim A. G.	Neheim	150,000
August 1928	The Metallbank und Metallurgische Gesellschaft A. G.	Frankfort on Main	34,660,000
	amalgamated with the Metallgesellschaft	Frankfort on Main	18,800,000
	augmented its capital and changed its trading title to Metallgesellschaft Akt. Ges.	Frankfort on Main	59,660,000
August 1928	The Deutsche Schiffs- und Maschinenbau Akt. Ges.	Bremen	25,000,000
	absorbed the G. Seebeck A. G. Schiffswerft, Maschinenfabrik und Trockendocks	Wesermünde	3,240,000
	C. Formation of "Communities of Interests"		
July 1927	Formation of the Stahlwerk Niederrhein A. G.	Düsseldorf	1,950,000
	with the participation of the following concerns:		
	Maschinenfabrik Sack G.m.b.H.	Düsseldorf	1,452,000
	Stahlwerk Hones G. m. b. H.	Düsseldorf	500,000

Date	Concern	Registered office	Capital of each concern in *RM*
September 1927	H. Römmler & Co.	Berlin-Spremberg	2,000,000
	Kontakt A. G. Fabrik elektrotechnischer Spezialartikel	Frankfort on Main	360,000
October 1927	Gesellschaft für Linde's Eismaschinen Akt. Ges.	Wiesbaden	16,693,000
	Maschinenfabrik Augsburg-Nürnberg Akt. Ges.	Augsburg	20,000,000
	Maschinenfabrik Esslingen	Esslingen	6,400,000
November 1927	Formation of the Vereinigte Westdeutsche Waggonbau Akt. Ges. with the participation of the following concerns:	Cologne	11,000,000
	Van der Zypen & Charlier G. m. b. H. Waggonfabrik	Cologne-Deutz	—
	Killing & Sohn	Hagen i. W.	—
	A. G. Düsseldorfer Eisenbahnbedarf (vorm. Carl Weyer & Co.)	Düsseldorf	3,500,000
November 1927	Maschinenfabrik Gritzner A. G.	Durlach	6,305,000
	Deutsche Nähmaschinenfabrik von Jos. Wertheim A. G.	Frankfort on Main	1,000,000
November 1927	Motorenfabrik Darmstadt A. G.	Darmstadt	540,000
	Fried. Krupp, Germania-Werft A. G.	Kiel	10,000,000
December 1927	Metallwerke (vorm. J. Aders) A. G.	Magdeburg	1,300,000
	Maschinenfabrik A.G. (vorm. Wagner & Co.)	Köthen (Anhalt)	3,005,000
February 1928	Formation of the Vereinigte Eisenbahn-Signal-Werke G. m. b. H. with the participation of the following concerns:	Berlin	12,000,000
	Siemens & Halske A. G.	Berlin	97,500,000
	Allgemeine Elektrizitäts-Gesellschaft (AEG)	Berlin	176,250,000
	Eisenbahnsignal-Bauanstalten Max Jüdel, Stahmer, Bruchsal A. G.	Brunswick	10,240,000
February 1928	Formation of the Vereinigte Gesenkschmiede A. G. "Schmiedag" with the participation of the following concerns:	Hagen	3,000,000
	Hagen-Grünthaler Eisenwerke	Hagen	—
	Schmidt, Schäper & Co.	Hagen	—
	Werdohler Stanz- und Dampfhammer-Werke Adolf Schlesinger A. G.	Werdohl	—
	A. Schwinn A. G.	Homburg (Saale)	—
	Th. Blass A. G.	Seifhennersdorf i. Sa.	240,000
	Wittekindwerke Brausen, Ebeling & Natorp G. m. b. H.	Westhofen	250,000

Date	Concern	Registered office	Capital of each concern in RM
March 1928	The A. G. für Bergbau, Blei- und Zinkfabrikation zu Stolberg und in Westfalen	Aix-la-Chapelle	12,079,200
	participated in the formation of the Ultralumin A. G.	Cologne	250,000
April 1928	The Kienzle Uhrenfabriken A. G.	Schwenningen	6,400,000
	formed a "community of production" with the Thomas Erbst Haller A. G.	Schwenningen	2,400,000
	and purchased in collaboration with the latter the branch of Schwenningen, Isaria Zählerwerke A. G.	Munich	2,200,000
July 1928	Lokomotivfabrik Henschel & Sohn G. m. b. H.	Cassel	45,000,000
	A. Borsig G. m. b. H.	Berlin-Tegel	10,000,000
	Berliner Maschinenbau A. G. (vormals Schwarzkopff)	Berlin	18,445,000
	I. A. Maffei A. G.	Munich	8,000,000
	VII. Textile Industry		
	A. Purchase of holdings or shares		
August 1927	The Wolf-Textilkonzern	Stuttgart	—
	purchased 55% of the shares of the Chemnitzer Aktienspinnerei	Chemnitz	3,000,000
May 1928	The Norddeutsche Wollkämmerei- und Kammgarnspinnerei	Bremen	75,000,000
	purchased a holding in the new shares of "Alrowa" Deutsche Strickerei A. G.	Chemnitz	10,000,000
June 1928	The Kammgarnspinnerei Kiener & Co.	Colmar	—
	purchased a holding in the Kammgarnspinnerei A. G.	Meerane i. Sa.	1,768,000
July 1928	The Reis & Co. A. G.	Friedrichsfeld	2,000,000
	purchased the majority of the shares of the Baumwollspinnerei Speyer	Speyer (Rhine)	1,250,000
	B. Amalgamations		
October 1927	Formation of the Pongs & Zahn Textilwerke A. G.	Viersen	3,000,000
	by the amalgamation of the following concerns:		
	Pongs & Zahn Komm. Ges.	Viersen	—
	Viersener Textilwerke Pongs & Zahn Akt. Ges.	Viersen	1,500,000

Date	Concern	Registered office	Capital of each concern in *RM*
November 1927	Formation of the Nordstrumpffabrik Müller & Ackermann G. m. b. H.	Nordheim a. N.	270,000
	by the amalgamation of the following concerns:		
	Textilfabrik Nordheim G.m.b.H.	Nordheim a. N.	—
	Nordstrumpffabrik G. m. b. H.	Nordheim a. N.	—
November 1927	Formation of the Heyne Textilwerke A. G.	Berlin	3,000,000
	by amalgamations of the following concerns:		
	W. H. Arnold jun.	Greiz	—
	Kammgarnweberei Gera A. G.	Gera	100,000
	A. Heyne & Co., A. G.	Gera	500,000
	A. Heyne	Leichlingen	—
	Simons & Frowein Nachf.	Leichlingen	—
December 1927	Formation of the Konrad Hornschuch A. G.	Urbach	2,500,000
	by the amalgamation of the following concerns:		
	Baumwollspinnerei und Weberei Konrad Hornschuch	Unterurbach	—
	Textilgesellschaft Weissbach m. b. H.	Urbach	400,000
March 1928	The Kammgarnspinnerei Düsseldorf A. G.	Düsseldorf	1,500,000
	absorbed the Kammgarnspinnerei Cranz & Co. G. m. b. H.	München-Gladbach	—
March 1928	Formation of the Alrowa, Deutsche Strickerei A. G.	Chemnitz	10,000,000
	by the amalgamation of the following concerns:		
	Altmann & Co. G. m. b. H.	Lichtenstein	—
	Christoph und Ludwig Wagner	Calw	—
	Stern & Co. G. m. b. H.	Stuttgart	—
	C. A. Roscher Nachfolger A. G.	Markersdorf	1,000,000
June 1928	Formation of the Christian Dierig A. G.	Langenbielau (Silesia)	30,000,000
	by amalgamation of the following concerns:		
	Christian Dierig G. m. b. H.	Oberlangenbielau	—
	Baumwoll-Finanz Akt. Ges.	Bremerhaven	1,200,000
	Christian Dierig Werke Grünau-Berlin A. G.	Berlin-Grünau	500,000
	Frankfurter Bleicherei, Färberei u. Appretur Akt. Ges.	Frankfort on Main	500,000
	Christian Dierig Werke am Mühlbach G. m. b. H.	Augsburg-Pfersee	500,000

Date	Concern	Registered office	Capital of each concern in *R.M*
August 1928	Formation of the Tesyra Vereinigte Strumpffabriken A. G. (vorm. Fried. Anton Köbke & Co. und Textilsyndicat)	Chemnitz	6,000,000
	by amalgamation of the Textilsyndicat G. m. b. H.	Berlin	2,000,000
	and Fried. Anton Köbke & Co. A. G.	Köppersdorf	3,012,000
August 1928	The Färberei A. G. G. Büschgens & Sohn	Krefeld	1,320,000
	amalgamated with the Krefelder Textilausrüstungs G. m. b. H.	Krefeld	—
	C. Formation of "communities of Interests"		
January 1928	Formation of the Lindener Samt-Union G. m. b. H.	Berlin	100,000
	with the participation of the following concerns:		
	Mechanische Weberei zu Linden A. G.	Linden	13,566,000
	Velvetfabrik M. Mengers & Söhne A. G.	Berlin	4,500,000
	G. A. Frölich's Sohn Weberei, Samt- und Druckfabrik A. G.	Warnsdorf (Czecho-Slov.)	Cz.cr.6,000,000
April 1928	Niedieck & Co. A.G.	Lobberich	1,000,000
	J. L. de Ball & Co. Nachfolger G. m. b. H.	Lobberich	—
	VIII. Transport Industry		
	A. Purchase of holdings or shares		
January 1928	The A. G. für Verkehrswesen purchased the majority of the shares of the Ratinger Maschinenfabrik und Eisengießerei	Berlin	24,000,000
		Ratingen	570,000
March 1928	The Neue Norddeutsche Fluss-Dampfschiffahrts-Gesellschaft purchased a holding in the Reederei Akt. Ges. (vorm. Julius Krümling)	Hamburg	2,000,000
		Magdeburg	400,000
March 1928	The Norddeutscher Lloyd purchased the majority of the shares of the Stettiner Dampfer-Compagnie A. G.	Bremen	125,000,000
		Stettin	4,200,000
March 1928	The A. G. für Verkehrswesen purchased a holding in the Dyckerhoff & Widmann Akt. Ges.	Berlin	24,000,000
		Wiesbaden	8,000,000
March 1928	The Deutsche Dampfschiffahrts-Gesellschaft "Hansa"	Bremen	32,000,000
	and the Norddeutscher Lloyd made an exchange of shares.	Bremen	125,000,000

Date	Concern	Registered office	Capital of each concern in *RM*
	B. Amalgamations		
October 1927	The Kölner Reederei A. G.	Cologne	2,000,000
	absorbed the Union Seeschiffahrt A. G.	Cologne	424,000
November 1927	Formation of the Mitteldeutsche Luftverkehrs A. G.	Leipzig	900,000
	by amalgamation of the Mitteldeutsche Aero Lloyd A. G.	Leipzig	140,000
	and the Sächsische Luftverkehrs A. G.	Dresden	—
November 1927	The Altmärkische Kleinbahn G. m. b. H.	Klötze near Gardelegen	872,650
	amalgemated with the Kleinbahn A. G. Bismarck-Gardelegen Wittingen	Kalbe	5,653,000
November 1927	The Lokalbahn Gotteszell-Viechtach A. G.	Viechtach	800,000
	absorbed the Lokalbahn Deggendorf-Metten A. G.	Deggendorf	215,000
April 1928	The A. G. für Verkehrswesen	Berlin	30,000,000
	absorbed the Westdeutsche Eisenbahn-Gesellschaft	Cologne	2,950,000
	C. Formation of "Communities of Interests"		
March 1928	The Königsberg-Cranzer Eisenbahn-Gesellschaft	Königsberg (Pr.)	1,200,000
	formed a "community of interests" with the following concerns:		
	Samlandbahn A. G.	Königsberg	2,000,000
	Ostdeutsche Eisenbahn-Gesellschaft	Königsberg	1,250,000
	and participated in the formation of the Empfangsgebäude Nordbahnhof Bau- und Betriebs-Gesellschaft G. m. b. H.	Königsberg	—
March 1928	The Süddeutsche Eisenbahn-Gesellschaft	Darmstadt	20,800,000
	formed a "community of interests" with the following concerns:		
	Westfälische Kleinbahnen A. G.	Grüne near Lethmathe	1,275,000
	Bochum-Gelsenkirchener Straßenbahn Akt. Ges.	Bochum	7,000,000
	and other tramway companies in the Ruhr basin.		

Date	Concern	Registered office	Capital of each concern in RM
May 1928	Sächsisch-Böhmische Dampfschiff-fahrts-Akt. Ges.	Dresden	1,000,000
	Neue Deutsch-Böhmische Elbeschiff-fahrt Akt. Ges.	Dresden	5,025,000
	IX. Other Industries		
	A. Purchase of holdings or shares		
December 1927	The Jenaer Glaswerk Schott & Genossen	Jena	—
	purchased a holding in the Vereinigte Zwieseler und Pirnaer Farbglas-werke A. G.	Munich	1,300,000
January 1928	The A. G. für Industrie- und Technik	Berlin	750,000
	purchased a holding in the Fritz Caspary A. G.	Berlin	1,200,000
February 1928	The Cröllwitzer Actien-Papierfabrik	Halle (Saale)	1,350,000
	purchased the entire holdings of the Braunkohlengrube Ferdinande bei Sennewitz	Sennewitz	—
March 1928	The A. G. für Kohleverwertung	Essen	25,000,000
	made an exhange of shares with the Rheinisch-Westfälische Elektrizi-tätswerke A. G.	Essen	140.000.000
April 1928	The Thüringer Gas-Gesellschaft	Leipzig	30,820,000
	purchased a holding of the new shares of the Energie A. G.	Leipzig	6,000,000
June 1928	The Mimosa A. G.	Dresden	3,300,000
	purchased a holding in the Rotophot A. G. für graphische Industrie	Berlin	1,005,000
July 1928	The Deutsche Linoleumwerke A. G.	Berlin	30,000,000
	purchased a holding in the Roh-pappenfabrik A. G.	Worms	805,000
August 1928	The Thüringer Gas-Gesellschaft	Leipzig	3,820,000
	purchased a holding in the Rheinische Wasserwerks-Gesellschaft	Cologne	3,250,000
	B. Amalgamations		
September 1927	The Universum Film A. G.	Berlin	45,000,000
	absorbed the A. G. für Kinemato-grafie und Filmverleih	Munich	—
September 1927	The Glanzfilm A. G.	Berlin	2,000,000
	amalgamated with the Kodak A. G.	Berlin	10,000,000
October 1927	The Lederwerke Kromwell A. G.	Nuremberg	1,020,000
	absorbed the Nürnberger Lederfabrik A. G. (vorm. Schreier & Naser)	Nuremberg	520,000

Date	Concern	Registered office	Capital of each concern in RM
December 1927	The Schuhfabrik Silberstein & Neumann Akt. Ges.	Schweinfurt	544,000
	amalgamated with the Bayerische Schuhfabriken A. G.	Schweinfurt	816,000
January 1928	The Matthias Hohner A. G. Harmonikafabrik	Trossingen	6,000,000
	absorbed the Harmonikafabrik Ch. Weiß A. G.	Trossingen	600,000
January 1928	The A. G. für Bürsten-Industrie Striegau	Striegau (Silesia)	900,000
	absorbed the Norddeutsche Bürstenfabrik F. E. Schacht & Co. G. m. b. H.	Lübeck	100,000
February 1928	The Verein für Zellstoff-Industrie Akt. Ges.	Berlin	7,100,000
	absorbed the Kostheimer Cellulose- und Papierfabrik A. G.	Mainz-Kostheim	1,020,000
February 1928	Formation of the I. C. Pfaff & Trunck O. H. G.	Berlin	—
	by amalgamation of the following concerns:		
	I. C. Pfaff A. G.	Berlin	2,000,000
	Trunck & Co.	Berlin	—
March 1926	The Feldmühle, Papier- und Zellstoffwerke Akt. Ges.	Scholwin near Stettin	16,500,000
	absorbed the Chemische Werke Pommern G. m. b. H.	Stettin	—
March 1928	Formation of the Imperva Holzimprägnierung und Holzverwertung A. G.	Freiburg i. Br.	2,000,000
	by the amalgamation of the following concerns:		
	Gebr. Himmelsbach A. G.	Freiburg i. Br.	—
	Gesellschaft für Holzhandel m. b. H.	Freiburg i. Br.	—
April 1928	Formation of the C. F. Rosen A. G.	Feuerbach	3,500,000
	by the amalgamation of the following concerns:		
	C. F. Rosen	Feuerbach	—
	Weser & Co. G. m. b. H.	Dresden	—
June 1928	The M. U. L. Hess-Schuhfabrik A. G.	Erfurt	6,000,000
	absorbed the Durana-Schuhfabrik A. G.	Erfurt	1,000,000

Date	Concern	Registered office	Capital of each concern in *RM*
July 1928	Formation of the Lederfabrik Zuffenhausen Sihler & Cie. A. G.	Zuffenhausen	3,000,000
	by the amalgamation of the following concerns:		
	Lederfabrik Zuffenhausen, Sihler & Cie.	Zuffenhausen	—
	Lederfabrik Philipp Gänsslen G. m. b. H.	Metzingen	40,000
	C. Formation of "Communities of Interests"		
August 1927	Formation of the Ferngasversorgung Westfalen G. m. b. H.	Dortmund	—
	with the participation of the Vereinigte Elektrizitätswerke Westfalen G. m. b. H.	Dortmund	42,000,000
	and the communes and associations of communes of the Province of Westphalia	—	—
September 1927	Formation of the Gasversorgung Erfurt A. G.	Erfurt	500,000
	with the participation of the following concerns:		
	Gross-Gaswerke Erfurt A. G.	Erfurt	—
	A. G. Thüringer Werke	Weimar	2,000,000
	Thüringer Gas-Gesellschaft	Leipzig	30,820,000
	and of the Provinzialverband of the Province of Saxony	—	—
October 1927	Litographisch-artistische Anstalt (vorm. Gebr. Obpacher A. G.)	Munich	1,800,000
	Meisenbach, Riffarth & Co. A. G.	Munich	1,270,000
October 1927	Formation of the GasversorgungA.G.	Halle	—
	with the participation of the Deutsche Continentale Gas-Gesellschaft A. G.	Dessau	60,000,000
	and the town of Halle	Halle	—
	and the Province of Saxony	—	—
November 1927	Formation of the Vereinigte Gaswerke Westfalen G. m. b. H.	Dortmund	5,000,000
	with the participation of the following concerns:		
	Elektrizitäts-Werk Westfalen A. G.	Dortmund	—
	Vereinigte Elektrizitätswerke Westfalen G. m. b. H.	Dortmund	42,000,000

Date	Concern	Registered office	Capital of each concern in RM
November 1927	Formation of the Gasversorgungs Oberlausitz A. G.	Zittau	1,000,000
	with the participation of the Gasversorgung Ostsachsen A. G.	Dresden	5,000,000
	and of the town of Zittau	—	—
December 1927	Formation of the Gasfernversorgung Mittelrhein G. m. b. H.	Coblence	1,000,000
	with the participation of the following concerns:		
	Gasversorgungs-Gesellschaft Coblenz G. m. b. H.	Coblence	—
	Thüringer Gas-Gesellschaft	Leipzig	30,820,000
	and of the town of Coblence	—	—
January 1928	Formation of the Südwestdeutsche Gas-Akt. Ges.	Frankfort on Main	50,000
	with the participation of the Frankfurter Gas-Gesellschaft A. G.	Frankfort on Main	25,000,000
	and of the town of Mannheim	—	—
January 1928	Phönix A. G. für Zahnbedarf	Berlin	300,000
	Dr. Hildebrand Zahnfabrik A. G.	Essen	1,300,000
January 1928	Formation of the Deutsche Parkettwerke A. G.	Munich	1,800,000
	with the participation of the following concerns:		
	Süddeutsche Holzindustrie A. G.	Munich	2,500,000
	Oberbayerische Parkett- und Holzindustriewerke Wreede G. m. b. H.	Munich	100,000
	Hubertus, Säge- und Hobelwerke A. G.	Munich	300,000
	C. Gauzlin A. G. Parkettfabrik	Magdeburg	100,000
May 1928	The Schlesische Cellulose und Papier-Fabriken A. G.	Hirschberg	3,210,000
	and the Ostdeutsche Papier- und Zellstoff-Werke A. G.	Frankenberg	3,705,000
	jointly formed a company for purchase and sale	—	—
May 1928	Formation of the Landesgasversorgung Sachsen A. G.	Leipzig	5,000,000
	with the participation of the following concerns:		
	Energie Akt. Ges.	Leipzig	6,000,000
	Elektra A. G.	Dresden	15,000,000

Date	Concern	Registered office	Capital of each concern in *R.M*
July 1928	Formation of the Interessengemeinschaft deutscher Pianoforte- und Harmonium-Fabriken Akt. Ges.	Berlin	4,000,000
	with the participation of the following concerns:		
	C. Bechstein A. G.	Berlin	—
	Gebr. Niendorf A. G.	Luckenwalde	1,406,000
	Rheinische Pianofortefabriken A. G. (vorm. C. Maud)	Coblence	750,000
	Römhildt A. G.	Weimar	600,000
	Julius Blüthner	Leipzig	—
	Julius Feurich	Leipzig	—
	Rud. Ibach Sohn	Berlin	—
	E. Krauss	Stuttgart	—
	Schiedmayer Pianofortefabrik	Stuttgart	—

N. B. The data contained in the present List in respect of the movement towards concentration in German Industry have been taken from unofficial publications which have appeared in Germany.

Annex III.

Loans of concerns subject to the Industrial Charges Law.

(September 1, 1927 to August 31, 1928.)

A. Loans issued abroad.
B. Internal loans.

Date	Concern	Registered office	Capital of each concern in ℛℳ
July 1928	Formation of the Lederfabrik Zuffenhausen Sihler & Cie. A. G.	Zuffenhausen	3,000,000
	by the amalgamation of the following concerns:		
	Lederfabrik Zuffenhausen, Sihler & Cie.	Zuffenhausen	—
	Lederfabrik Philipp Gänsslen G. m. b. H.	Metzingen	40,000
	C. Formation of "Communities of Interests"		
August 1927	Formation of the Ferngasversorgung Westfalen G. m. b. H.	Dortmund	—
	with the participation of the Vereinigte Elektrizitätswerke Westfalen G. m. b. H.	Dortmund	42,000,000
	and the communes and associations of communes of the Province of Westphalia	—	—
September 1927	Formation of the Gasversorgung Erfurt A. G.	Erfurt	500,000
	with the participation of the following concerns:		
	Gross-Gaswerke Erfurt A. G.	Erfurt	—
	A. G. Thüringer Werke	Weimar	2,000,000
	Thüringer Gas-Gesellschaft	Leipzig	30,820,000
	and of the Provinzialverband of the Province of Saxony	—	—
October 1927	Litographisch-artistische Anstalt (vorm. Gebr. Obpacher A. G.)	Munich	1,800,000
	Meisenbach, Riffarth & Co. A. G.	Munich	1,270,000
October 1927	Formation of the GasversorgungA.G.	Halle	—
	with the participation of the Deutsche Continentale Gas-Gesellschaft A. G.	Dessau	60,000,000
	and the town of Halle	Halle	—
	and the Province of Saxony	—	—
November 1927	Formation of the Vereinigte Gaswerke Westfalen G. m. b. H.	Dortmund	5,000,000
	with the participation of the following concerns:		
	Elektrizitäts-Werk Westfalen A. G.	Dortmund	—
	Vereinigte Elektrizitätswerke Westfalen G. m. b. H.	Dortmund	42,000,000

Date	Concern	Registered office	Capital of each concern in *RM*
November 1927	Formation of the Gasversorgungs Oberlausitz A. G.	Zittau	1,000,000
	with the participation of the Gasversorgung Ostsachsen A. G.	Dresden	5,000,000
	and of the town of Zittau	—	—
December 1927	Formation of the Gasfernversorgung Mittelrhein G. m. b. H.	Coblence	1,000,000
	with the participation of the following concerns:		
	Gasversorgungs-Gesellschaft Coblenz G. m. b. H.	Coblence	—
	Thüringer Gas-Gesellschaft	Leipzig	30,820,000
	and of the town of Coblence	—	—
January 1928	Formation of the Südwestdeutsche Gas-Akt. Ges.	Frankfort on Main	50,000
	with the participation of the Frankfurter Gas-Gesellschaft A. G.	Frankfort on Main	25,000,000
	and of the town of Mannheim	—	—
January 1928	Phönix A. G. für Zahnbedarf	Berlin	300,000
	Dr. Hildebrand Zahnfabrik A. G.	Essen	1,300,000
January 1928	Formation of the Deutsche Parkettwerke A. G.	Munich	1,800,000
	with the participation of the following concerns:		
	Süddeutsche Holzindustrie A. G.	Munich	2,500,000
	Oberbayerische Parkett- und Holzindustriewerke Wreede G. m. b. H.	Munich	100,000
	Hubertus, Säge- und Hobelwerke A. G.	Munich	300,000
	C. Gauzlin A. G. Parkettfabrik	Magdeburg	100,000
May 1928	The Schlesische Cellulose und Papier-Fabriken A. G.	Hirschberg	3,210,000
	and the Ostdeutsche Papier- und Zellstoff-Werke A. G.	Frankenberg	3,705,000
	jointly formed a company for purchase and sale	—	—
May 1928	Formation of the Landesgasversorgung Sachsen A. G.	Leipzig	5,000,000
	with the participation of the following concerns:		
	Energie Akt. Ges.	Leipzig	6,000,000
	Elektra A. G.	Dresden	15,000,000

Date	Concern	Registered office	Capital of each concern in *RM*
July 1928	Formation of the Interessengemeinschaft deutscher Pianoforte- und Harmonium-Fabriken Akt. Ges.	Berlin	4,000,000
	with the participation of the following concerns:		
	C. Bechstein A. G.	Berlin	—
	Gebr. Niendorf A. G.	Luckenwalde	1,406,000
	Rheinische Pianofortefabriken A. G. (vorm. C. Maud)	Coblence	750,000
	Römhildt A. G.	Weimar	600,000
	Julius Blüthner	Leipzig	—
	Julius Feurich	Leipzig	—
	Rud. Ibach Sohn	Berlin	—
	E. Krauss	Stuttgart	—
	Schiedmayer Pianofortefabrik	Stuttgart	—

N. B. The data contained in the present List in respect of the movement towards concentration in German Industry have been taken from unofficial publications which have appeared in Germany.

Annex III.

Loans of concerns subject to the Industrial Charges Law.

(September 1, 1927 to August 31, 1928.)

A. Loans issued abroad.

B. Internal loans.

A. Loans Issued Abroad by Concerns Subject to the Industrial Charges Law from September 1, 1927 to August 31, 1928.

Serial number	Concerns	Registered office	Branch of industry	Share capital RM	Nominal amount of the 5 per cent industrial negotiable debentures (§ 13 I. G. B.) GM	Loans issued abroad: Nominal amount	RM	Interest	Price of issue	Date	Duration years	Issuing concern	Observations
1	Elektrizitäts A. G. vormals W. Lahmeyer & Co.	Frankfurt a. M.	Electrical industry	18,010,000	1,500,000	S.Fr. 15,000,000	12,150,000	6	93	1. 9. 27	25	Schweizerische Kreditanstalt, Zürich	Option of repayment in full or in part as from March 1, 1935. Redeemable by repurchase at the current price, or by drawings from September 1, 1928 to September 1, 1942 at 102, subsequently at 101. A tranche of Swiss Fr. 7,500,000 placed in Holland.
2	Gewerkschaft Victor, Stickstoffwerke	Rauxel	Chemical industry	—	—	D. Fl. 8,000,000	13,440,000	6½	96	1. 11. 27	20	Hope & Co., Amsterdam	Issued with a guarantee of the Kaliindustrie A. G. and the Klöcknerwerke A. G.
3	Norddeutscher Lloyd	Bremen	Transport industry	128,906,200	—	$ 20,000,000	84,000,000	6	94	1. 11. 27	20	Kuhn, Loeb & Co., New York	Option of repayment in full or in part as from November 1, 1932. Redeemable as from November 1, 1933 by repurchase at the current price or by drawings at par.
4	Vereinigte Elektrizitätswerke Westfalen G. m. b. H.	Dortmund	Electrical industry	—	1,600,000	$ 20,000,000	84,000,000	6	92¾	1. 1. 28	25	Speyer & Co., New York Harris, Forbes & Co., New York	Option of repayment in full or in part at any time at par. Redeemable as from November 1, 1932 at par. Redeemable as from November 1, 1929 at par.
5	Gelsenkirchener Bergwerks A. G.	Essen	Heavy industry	263,000,000	12,200,000	$ 15,000,000	63,000,000	6	97	1. 3. 28	6	Dillon, Read & Co., New York	Option of repayment in full or in part as from March 1, 1929 at 102½ and subsequently at rates decreasing by ½ % per annum. Guaranteed by the deposit of 30,000,000 Dollars of shares of the Vereinigte Stahlwerke A. G. A tranche of 7,000,000 Dollars will be placed in Europe.
6	A. G. für Bergbau-Blei- und Zinkfabrikation zu Stolberg und in Westfalen	Aachen	Heavy industry	14,300,800	1,500,000	D. Fl. 3,000,000	5,040,000	7	96½	1. 4. 28	20	Hope & Co., Amsterdam	Not repayable before April 1, 1933. Redeemable as from 1929 by repurchase at the current price or by drawings at par.
7	Metallbank und Metallurgische Gesellschaft A. G.	Frankfurt a. M.	Metal industry	45,060,000	2,600,000	£ 750,000	15,300,000	6½	97½	1. 4. 28	15	Helbert, Wagg & Co., London	Not repayable before 1930. Redeemable at par. Holders have the option, till April 1, 1933, of purchasing 5,000 Reichsmarks of the Company's shares at the rate of 150, for every 1,000 Pounds of bonds held by them.
8	Steinkohlenbergwerk Friedrich Heinrich A. G.	Lintfort, Kreis Mörs	Heavy industry	22,000,000	1,800,000	S.Fr. 20,000,000	16,200,000	6	93	1. 4. 28	30	Comptoir d'Escompte de Genève	Not repayable before 1938. Redeemable by drawings.
9	C. J. Vogel, Draht- u. Kabelwerke A. G.	Berlin	Metal industry	8,320,000	—	D. Fl. 2,000,000	3,360,000	7	96	1. 4. 28	25	Rotterdamsche Bankvereinigung	Option of repayment as from October 10, 1934 at 103; from 1934 to 1940 at rates decreasing by ½ % per annum; after 1940 at par. Redeemable as from October 1, 1934 by drawings at par.
10	Granit-Steinbrüche G. m. b. H.	Bautzen	Earth and stone industry	—	—	D. Fl. 2,000,000	3,360,000	7	94	4. 28	25	Engelberts & Co., Amsterdam	
11	Sachsenwerk Licht u. Kraft A. G.	Dresden	Electrical industry	8,750,000	—	£ 250,000	5,100,000	7	—	4. 28	7	J. Henry Schroeder & Co., London	Right of option on the shares of the Company. The loan has not been offered to the public.
12	Überlandzentrale Pommern A. G.	Stettin	Electrical industry	74,000,000	1,100,000	$ 3,500,000	14,700,000	6	92½	1. 5. 28	25	Harris, Forbes & Co., New York	Redeemable by drawings as from 1931.
13	Allgemeine Elektrizitäts-Ges.	Berlin	Electrical industry	186,250,000	14,900,000	$ 10,000,000 $ 5,000,000	42,000,000 21,000,000	6 6	94½ 95	1. 5. 28 1. 5. 28	20 20	National City Bank of New York	Option of repayment in full until May 1, 1933 at 102: from 1933 to 1938 at 101: subsequently at par. The loan was issued in two tranches.
14	Ruhrchemie Aktiengesellschaft	Sterkrade	Chemical industry	27,000,000	—	$ 4,000,000	16,800,000	6	92¼	1. 5. 28	20	Dillon, Read & Co., New York	Option of repayment in full or in part until April 1, 1933 at 105; from 1933 to 1938 at 103; from 1938 to 1943 at 102; subsequently at par. A tranche of 1,000,000 Dollars has been placed in Holland; 500,000 Dollars in Great Britain and Switzerland.
15	»Schmiedag« Vereinigte Gesenkschmiedereien	Hagen	Metal industry	—	—	$ 1,500,000	6,300,000	6½	—	1. 5. 28	—	Lee, Higginson & Co., New York	The loan has not been offered to the public.
16	Braunkohlen-Industrie A. G. »Zukunft«	Weisweiler	Heavy industry	13,525,000	1,200,000	$ 2,000,000	8,400,000	6½	93½	1. 5. 28	25	Lee, Higginson & Co., New York	First tranche of a loan of 4,000,000 Dollars.
17	Mechanische Weberei zu Linden	Hannover-Linden	Textile industry	6,866,000	—	D. Fl. 2,000,000	3,400,000	7	96¼	1. 5. 28	25	Willeumier, van Tyen & Van Laer	
18	Hamburger Hochbahn A. G.	Hamburg	Transport industry	92,075,000	—	$ 8,000,000	33,600,000	5½	92½	1. 6. 28	10	Brown Brothers & Co., New York	Not repayable until 1933. Redeemable as from 1934 by repurchase at the current price or by drawings at par. Option of repayment at any time at par.
19	Königsberger Zellstoff-Fabriken u. Chemische Werke »Koholyt« A. G.	Berlin	Paper industry	17,600,000	1,900,000	$ 4,000,000	16,800,000	6½	97½	1. 6. 28	15	Becker & Co., New York	
					40,300,000		467,950,000						

B. Internal Loans Placed by Concerns Subject to the Industrial Charges Law from September 1, 1927, to August 31, 1928.

Serial number	Concerns	Registered office	Branch of industry	Share capital RM	Nominal amount of the 5 per cent industrial negotiable debentures (§ 13 I. B. G.) GM	Loans issued on the internal market					Observations
						Nominal amount RM	Interest	Issue price	Date	Duration years	
1	Hartmann & Braun A. G.	Frankfurt a. M.	Metal and machinery industry	1,936,000	—	1,200,000	8	100	1. 1. 28	30	Option of repayment in full or in part as from 1933 and until 1938 at 105; subsequently at 103. The interest rate will be increased by 1/2 % per annum for every 1 % of dividend paid in excess of 8 %.
2	J. G. Farbenindustrie A. G.	Frankfurt a. M.	Chemical industry	1,100,000,000	76,600,000	250,000,000	6	100	1. 1. 28	18	The loan has been offered for subscription to the shareholders of the following companies: I. G. Farbenindustrie A. G.; Dynamit A. G. vorm. Alfr. Nobel; Rheinisch-Westfäl. Sprengstoff A. G.; A. G. Siegener Dynamit; Gustav Genschow A. G., in proportion to their share-holdings. The interest rate will be increased by 1/2 % per annum for every 1 % of dividend paid in excess of 12 %. The bond-holders have an option on the shares of the Company until 1941 at a price diminishing from 200 in 1928 to 100 in 1941. The loan is repayable at any time at 110.
3	Ludwig Löwe & Co. A. G.	Berlin	Electrical industry	20,000,000	1,500,000	5,000,000	7	92	2. 1. 28	30	Not repayable until 1933. Redeemable by drawings at par or by repurchase at the current price.
4	Königsberg-Cranzer Eisenbahn-Ges.	Königsberg i. Pr.	Transport industry	1,200,000	—	1,000,000	7	—	3. 28	15	The loan has not been offered to the public.
5	Paul Steinbock Papier- und Zellulose-Fabrik A. G.	Frankfurt a. O.	Paper industry	2,500,000	—	500,000	10	104	1. 7. 28	11	Not repayable until 1930. Redeemable as from 1935 by drawings at 105.
6	Fries & Höpflinger A. G.	Schweinfurt	Machinery industry	4,495,000	—	2,000,000	8	99	1. 8. 28	25	The interest rate will be increased by 1/4 % per annum for every 1 % of dividend paid. Repayable at any time until 1933 at 105. Redeemable as from 1933 by repurchase at the current price, or by drawings at 103.
					78,100,000	259,700,000					

Annex IV.

Summary of Balance Sheets of Concerns subject to the Industrial Charges Law.

(Business Year 1926—27 or 1927.)

Summary of Balance Sheets for the Business Year 1926-27 or 1927 of Concerns subject to the Industrial Charges Law.

Recapitulation according to the Branch of Industry.

IV.

	Branch of industry	Number of concerns	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927									Comparison with the business year 1925-26 or 1926		
						Debenture capital	Annuity	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)
I	Building Industry and Industries for Building Materials	15	189,116,000	21,576,042	13,737,917	34,284,720	1,714,236	34,849,861	13,356,454	21,493,407	—	1,729,907	23,223,314	16,845,360	8,91	6,377,954	18,818,963	7,42	5,274,910
II	Foodstuffs Industry	40	445,362,010	51,560,759	41,428,821	86,940,548	4,047,027	80,453,808 — *486,516*	31,071,750	50,185,039	1,289,497	4,949,406 — *3,196,336*	55,134,445 — *4,485,833*	41,821,645	9,39	13,312,800 — *4,485,833*	52,470,489 — *3,211,533*	8,61	14,709,210 — *3,211,533*
III	Heavy Industry	70	2,867,677,600	618,046,197	1,019,962,812	552,697,460	27,634,873	428,247,696 — *4,130,110*	229,533,390	201,528,016	6,943,820	16,252,171 — *7,307,106*	215,359,132 — *11,829,871*	174,415,898	6,08	40,943,234 — *11,829,871*	147,801,035 — *12,241,825*	5,43	21,835,603 — *12,241,825*
IV	Chemical Industry	30	1,582,526,250	243,175,758	62,100,351	251,092,380	12,554,619	220,194,112	93,200,705	127,030,601	37,194	5,638,393 — *1,104,865*	131,564,129 — *37,194*	116,284,574	7,35	15,279,555 — *37,194*	92,582,940 — *4,787,962*	4,96	13,991,333 — *4,787,962*
V	Electrical Industry	40	1,290,886,602	386,272,164	687,323,319	180,787,360	9,039,368	191,569,752	63,808,943	127,760,809	—	5,415,013	133,175,822	102,237,666	7,92	30,938,156	113,669,419	7,36	27,225,280
VI	Metal and machinery Industry	90	1,045,676,350	137,304,304	144,014,059	248,918,793	12,445,940	116,249,114 — *6,136,989*	76,384,066	60,249,620	26,521,561	10,311,111 — *3,524,524*	69,060,877 — *28,546,231*	49,115,494	4,69	19,945,383 — *28,546,231*	53,312,871 — *43,417,434*	3,67	15,363,456 — *43,417,434*
VII	Textile Industry	25	344,468,400	117,599,441	56,830,765	75,434,480	3,771,724	61,680,358 — *133,329*	20,904,335	41,242,174	599,480	1,707,596 — *1,736,955*	42,307,868 — *1,694,533*	35,179,706	10,21	7,128,162 — *1,694,533*	25,098,186 — *2,728,028*	7,31	4,206,452 — *1,752,528*
VIII	Miscellaneous Industries	50	515,030,900	118,187,205	88,276,917	96,824,050	4,841,202	83,004,468	32,680,489	50,323,979	—	5,656,807 — *877,037*	55,103,749	41,679,983	8,09	13,423,766	42,230,945 — *2,662,249*	6,53	10,816,849 — *2,662,249*
		360	8,280,744,112	1,693,721,870	2,113,674,961	1,520,979,791	76,048,989	1 205,362,225	560,940,132	679,813,645	35,391,552	33,913,581	678,335,674	577,580,326	6,97	100,755,348	477,535,817	5,76	45,349,562

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

NB. — Although the figures relating to the reparation charge are occasionally shown in the accounts of concerns liable to the industrial charge and are always published in the Prospectuses for the issue of loans, they have not been included in the tables of this Annex as they are subject to revision at each re-distribution of the charge.
Details on each branch of industry will be found in the subsequent tables.

I. Building Industry and Industries for Building Materials.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	Observations
1	Philipp Holzmann A. G.	Frankfurt a. M.	20,090,000	3,187,753	321,990	—	—	31. 12. 27	2,701,483	1,221,447	1,480,036	—	190,710	1,670,746	1,400,000 5,400	7 a) 6 b)	265,346	2,684,990	12 a) 6 b)	279,580	a) ordinary shares; b)
2	Wicking'sche Portland-Cement- u. Wasserkalkwerke A. G.	Münster i. W.	20,025,000	1,213,001	2,367,545	—	—	31. 12. 27	3,268,293	1,297,998	1,970,295	—	141,874	2,112,169	1,836,000 4,642 1,500	12 a) 6 b) 6 c)	270,027	1,774,104	10 a) 6 b) 6 c)	230,579	a) ordinary shares; c) ordinary „protec
3	Alsen'sche Portland Zement-Fabriken	Hamburg	6,020,000	600,000	—	—	—	31. 12. 27	1,240,724	—	1,240,724	—	221,295	1,462,019	900,000 1,000	15 a) 5 b)	561,019	1,524,947	14 a) 5 b)	688,947	a) ordinary shares; b)
4	Hamburger Freihafen Lagerhausgesellschaft	Hamburg	6,500,000	922,809	1,504,330	—	—	31. 12. 27	1,718,221	443,952	1,274,269	—	23,077	1,297,346	455,000 8,358	7 a) b)	833,988**)	1,313,408	7 a)	856,050*)	a) ordinary shares; b *) Of this total, a sum of Hamburg. **) Of this total a sum of Hamburg.
5	Reinisch-Westfälische Kalkwerke	Dornap	15,000,000	2,100,000	120,000	—	—	30. 6. 27	2,367,969	968,532	1,399,437	—	347,905	1,747,342	1,200,000	8	547,342	1,247,905	6	347,905	
6	Julius Berger Tiefbau-A. G.	Berlin	7,500,000	2,952,000	—	—	—	31 12. 27	2,607,853	662,779	1,945,074	—	59,989	2,005,063	1,500,000	20	505,063	900,295	15	262,795	
7	Basalt A. G.	Linz a. Rh.	24,000,000	1,359,939	4,952,505	—	—	31. 12. 27	2,775,042	1,500,307	1,274,735	—	300,785	1,575,520	1,200,000	6	375,520	454,108	0	454,108	
8	Schlesische Portland-Cement-Industrie A. G.	Oppeln	27,000,000	2,700,000	150,000	—	—	31. 12. 27	6,649,357	2,659,213	3,990,144	—	194,030	4,184,174	3,060,000	12	1,124,174	3,402,161	10	837,161	
9	Stettiner Chamotte Fabrik A. G. vorm. Didier	Stettin	14,615,000	1,578,781	3,734	—	—	31. 12. 27	1,236,594	414,774	821,820	—	20,721	842,541	720,000 12,900	5 a) 6 b)	109,641	505,916	3 a) 6 b)	61,016	
10	Portland-Cementfabrik »Germania« A. G.	Hannover	4,905,000	650,000	16,652	—	—	31. 12. 27	1,686,434	566,558	1,119,876	—	42,844	1,162,720	686,000 350	14 a) 7 b)	476,370	946,069	14 a) 7 b)	259,719	a) ordinary shares; b
11	Dyckerhoff & Widmann A. G.	Wiesbaden-Biebrich	8,000,000	1,015,759	3,884,148	—	—	31. 12. 27	1,741,623	1,132,378	609,245	—	—	609,245	400,000**)	6	209,245	405,895*)	0	405,895	*) utilised for rationa **) 6 per cent pro f shares.
12	Sächsisch-Thüringische Portland-Cement-Fabrik Prüssing & Co. K. G. a. A.	Göschwitz (Saale)	4,211,000	1,650,000	—	—	—	31. 12. 27	1,090 190	505,996	584,194	—	63,032	647,226	504,720 300	12 a) 6 b)	142,206	638,506	12 a) 6 b)	133,486	a) ordinary shares; b
13	Gebrüder Goedhart A.-G.	Düsseldorf	3,250,000	325,000	—	—	—	31. 12. 27	852,618	356,674	495,944	—	9,396	505,340	300,000 15,000	10 a) 6 b)	190,340	214,396	5 a) 6 b)	19,396	
14	Portland-Cementwerke Heidelberg-Mannheim-Stuttgart A. G.	Heidelberg	25,000,000	1,021,000	417,013	—	—	31. 12. 27	4,259,818	1,610,401	2,649,417	—	77,023	2,726,440	2,262,840 5,000 6,350	10 a) 5 b) 4½ c)	452,250	2,251,710	8 a) 5 b)	254,710	a) ordinary shares;
15	Berlinische Boden-Gesellschaft	Berlin	3,000,000	300,000	—	—	—	31. 12. 27	653,642	15,445	638,197	—	37,226	675,423	360,000	12	315,423	554,553	12	194,553	
			189,116,000	21,576,042	13,737,917	34,284,720	1,714,236	—	34,849,861	13,356,454	21,493,407	—	1,729,907	23,223,314	16,845,360	8.91	6,377,954	18,818,963	7.42	5,274,910	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

cerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison: Dividend distributed	Comparison: Balance in hand (3)	Observations
.....	Frankfurt a. M.	20,090,000	3,187,753	321,990	—	—	31. 12. 27	2,701,483	1,221,447	1,480,036	—	190,710	1,670,746	1,400,000 5,400	7 a) 6 b)	265,346	2,684,990	12 a) 6 b)	279,590	a) ordinary shares; b) preference shares.
ement- u. Wasserkalkwerke	Münster i. W.	20,025,000	1,213,001	2,367,545	—	—	31. 12. 27	3,268,293	1,297,998	1,970,295	—	141,874	2,112,169	1,836,000 4,642 1,500	12 a) 6 b) 6 c)	270,027	1,774,104	10 a) 6 b) 6 c)	230,579	a) ordinary shares; b) ordinary shares held in reserve; c) ordinary „protection" shares.
nt-Fabriken	Hamburg	6,020,000	600,000	—	—	—	31. 12. 27	1,240,724	—	1,240,724	—	221,295	1,462,019	900,000 1,000	15 a) 5 b)	561,019	1,524,947	14 a) 5 b)	683,947	a) ordinary shares; b) preference shares.
gerhausgesellschaft	Hamburg	6,500,000	922,809	1,504,330	—	—	31. 12. 27	1,718,221	443,952	1,274,269	—	23,077	1,297,346	455,000 8,358	7 a) b)	833,988**)	1,313,408	7 a)	850,050*)	a) ordinary shares; b) bonus shares (Genußscheine). *) Of this total, a sum of 826,973 *RM.* is payable to the City of Hamburg. **) Of this total a sum of 822,332 *RM.* is payable to the City of Hamburg.
kwerke	Dornap	15,000,000	2,100,000	120,000	—	—	30. 6. 27	2,367,969	968,532	1,399,437	—	347,905	1,747,342	1,200,000	8	547,342	1,247,905	6	347,905	
G.	Berlin	7,500,000	2,952,000	—	—	—	31 12. 27	2,607,853	662,779	1,945,074	—	59,989	2,005,063	1,500,000	20	505,063	900,295	15	262,795	
.....	Linz a. Rh.	24,000,000	1,359,939	4,952,505	—	—	31. 12. 27	2,775,042	1,500,307	1,274,735	—	300,785	1,575,520	1,200,000	6	375,520	454,108	0	454,108	
ent-Industrie A. G.	Oppeln	27,000,000	2,700,000	150,000	—	—	31. 12. 27	6,649,357	2,659,213	3,990,144	—	194,030	4,184,174	3,060,000	12	1,124,174	3,402,161	10	837,161	
k A. G. vorm. Didier	Stettin	14,615,000	1,578,781	3,734	—	—	31. 12. 27	1,236,594	414,774	821,820	—	20,721	842,541	720,000 12,900	5 a) 6 b)	109,641	505,916	3 a) 6 b)	61,016	
Germania« A. G.	Hannover	4,905,000	650,000	16,652	—	—	31. 12. 27	1,686,434	566,558	1,119,876	—	42,844	1,162,720	686,000 350	14 a) 7 b)	476,370	946,069	14 a) 7 b)	259,719	a) ordinary shares; b) preference shares.
A. G.	Wiesbaden-Biebrich	8,000,000	1,015,759	3,884,148	—	—	31. 12. 27	1,741,623	1,132,378	609,245	—	—	609,245	400,000**)	6	209,245	405,895*)	0	405,895	*) utilised for rationalisation. **) 6 per cent *pro rata temporis* on 4,000,000 *RM.* of new shares.
ortland-Cement-Fabrik A.	Göschwitz (Saale)	4,211,000	1,650,000	—	—	—	31. 12. 27	1,090,190	505,996	584,194	—	63,032	647,226	504,720 300	12 a) 6 b)	142,206	638,506	12 a) 6 b)	133,486	a) ordinary shares; b) preference shares.
.....	Düsseldorf	3,250,000	325,000	—	—	—	31. 12. 27	852,618	356,674	495,944	—	9,396	505,340	300,000 15,000	10 a) 6 b)	190,340	214,396	5 a) 6 b)	19,396	
eidelberg-Mannheim-Stuttgart	Heidelberg	25,000,000	1,021,000	417,013	—	—	31. 12. 27	4,259,818	1,610,401	2,649,417	—	77,023	2,726,440	2,262,840 5,000 6,350	10 a) 5 b) 4½ c)	452,250	2,251,710	8 a) 5 b)	254,710	a) ordinary shares; b) preference shares c) bonus shares.
schaft	Berlin	3,000,000	300,000	—	—	—	31. 12. 27	653,642	15,445	638,197	—	37,226	675,423	360,000	12	315,423	554,553	12	194,553	
		189,116,000	21,576,042	13,737,917	34,284,720	1,714,236	—	34,849,861	13,356,454	21,493,407	—	1,729,907	23,223,314	16,845,360	8.91	6,377,954	18,818,963	7.42	5,274,910	

sums placed to reserve for various purposes.
concern after deduction of costs and charges of every kind, including the industrial charge.
ntended for welfare and relief funds, placed to reserve or otherwise employed.

II. Foodstuffs Industry.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
1	Leipziger Bierbrauerei zu Reudnitz Riebeck & Co. A. G.	Leipzig	18,610,000	2,806,246	6,633,149	—	—	30. 9. 27	3,468,687	1,854,611	1,614,076	—	22,537	1,636,613	1,495,320 6,312 3,000	10 a) 6 b) 10 c)	131,981	1,534,953	10 a) 6 b) 10 c)	116,481	a) ordinary c) preferred
2	Dortmunder Union Brauerei A. G.	Dortmund	15,015,000	2,101,500	—	—	—	31. 12. 27	3,943,012	1,235,689	2,707,323	—	136,836	2,844,159	2,100,000 900	14 a) 6 b)	743,259	2,772,735	12 a) 6 b)	971,835	a) ordinary
3	Norddeutsche Eiswerke A. G.	Berlin	3,660,000	366,000	225,000	—	—	31. 12. 27	539,705	173,450	366,255	—	4,265	370,520	365,000 1,000	10 a) 10 b)	4,520	443,265	12 a) 10 b)	4,265	a) ordinary
4	Bierbrauerei Gebr. Müser A. G.	Langendreer	3,000,000	412,969	90,375	—	—	31. 12. 27	427,000	205,298	221,702	—	60,819	282,521	162,000	6	120,521	235,620	5	115,620	
5	Engelhardt-Brauerei A. G.	Berlin	12,100,000	1,210,000	6,463,064	—	—	30. 9. 27	2,856,937	1,407,837	1,449,100	—	387,389	1,836,489	1,440,000 6,000	12 a) 6 b)	390,489	1,799,073	10 a) 6 b)	593,073	a) ordinary
6	Ostwerke A. G.	Berlin	26,500,000	2,650,000	411,908	—	—	31. 8. 27	3,352,742	262,355	3,090,387	—	45,930	3,136,317	3,000,000 90,000	12 a) 6 b)	46,317	3,135,930	12 a) 6 b)	45,930	a) ordinary
7	Schultheiss-Patzenhofer Brauerei A. G.	Berlin	39,500,000	3,240,466	2,440,287	—	—	31. 8. 37	14,235,226	5,962,592	8,272,634	—	429,099	8,701,733	5,775,000 60,000	15 a) 6 b)	2,866,733	8,566,445	15 a) 6 b)	2,731,445	a) ordinary
8	Sinner A. G.	Karlsruhe	6,500,000	2,300,000	1,875,778	—	—	31. 12. 27	943,830	230,030	713,800	—	240,468	954,268	650,000	10	304,268	925,567	10	275,567	
9	Charlottenburger Wasser- u. Industriewerke A. G.	Berlin	60,000,000	4,371,297	6,290	—	—	31. 9. 27	4,525,884	50,260	4,475,624	—	106,383	4,582,007	4,200,000	7	382,007	5,428,051	7	1,321,907	
10	Gesellschaft für Markt- und Kühlhallen	Hamburg	8,420,000	1,603,204	679,940	—	—	31. 12. 27	1,853,464	328,240	1,525,224	—	61,507	1,586,731	1,008,000 1,200	12 a) 6 b)	577,531	1,905,614	12 a) 6 b)	896,414	a) ordinary
11	Sarotti A. G.	Berlin	8,000,000	1,300,000	—	—	—	31. 12. 27	2,140,212	1,096,916	1,043,296	—	92,511	1,135,807	960,000	12	175,807	1,122,511	12	162,511	
12	Wasserwerk für das nördliche westfälische Kohlenrevier A. G.	Gelsenkirchen	28,000,000	2,800,000	289,467	—	—	31. 12. 27	4,136,849	1,432,724	2,704,125	—	90,657	2,794,782	2,520,000	9	274,782	2,143,990	7	183,990	
13	Zuckerraffinerie Tangermünde Fr. Meyer Sohn, A. G.	Tangermünde	11,600,000	1,160,000	124,865	—	—	30. 9. 27	1,989,988	1,183,976	806,012	—	90,193	896,205	696,000	6	200,205	540,193	5	90,193	
14	Aktienbrauerei zum Löwenbräu	München	13,045,000	2,302,980	5,121,939	—	—	30. 9. 27	3,527,637	1,065,688	2,461,949	—	71,038	2,532,987	1,690,000 2,250	13 a) 5 b)	840,737	2,255,563	12 a) 5 b)	693,313	a) ordinary
15	Gabriel u. Jos. Sedlmayr Spaten-Franziskaner-Leistbräu A. G.	München	5,700,000	450,000	1,428,152	—	—	30. 9. 27	1,624,352	821,394	802,958	—	146,190	949,148	570,000	10	379,148	1,067,346	10	497,346	
16	Actiengesellschaft Hackerbräu	München	3,258,000	2,458,589	1,312,988	—	—	30. 9. 27	780,491	200,917	579,574	—	239,640	819,214	324,000 1,080	10 a) 6 b)	494,134	882,839	10 a) 6 b)	557,759	a) ordinary
17	Brauhaus Nürnberg	Nürnberg	5,605,000	760,500	1,357,162	—	—	20. 9. 27	1,006,244	279,644	726,600	—	46,453	773,053	672,000 300	12 a) 6 b)	100,753	850,591	12 a) 6 b)	178,291	a) ordinary
18	Holsten-Brauerei A. G.	Altona	10,005,000	1,302,720	210,505	—	—	30. 9. 27	2,325,687	1,031,056	1,294,631	—	27,900	1,322,531	1,200,000 350	12 a) 7 b)	122,181	1,059,268	12 a) 7 b)	98,918	a) ordinary
19	Dortmunder Actien-Brauerei	Dortmund	11,110,270	1,779,582	2,914	—	—	30. 9. 27	3,835,414	1,677,151	2,158,263	—	—	2,158,263	1,332,584 432	12 a) 8 b)	825,247	2,084,936	12 a) 8 b)	751,920	a) ordinary
20	Gebrüder Stollwerck A. G.	Köln	16,456,000	1,645,600	681,156	—	—	30. 6. 27	2,247,239	838,761	1,408,478	—	101,436	1,509,914	1,354,500 360	9 a) 6 b)	155,054	1,504,336	9 a) 6 b)	149,476	a) ordinary
21	Bremen-Besigheimer Oelfabriken A. G.	Bremen	10,880,000	40,054	119,600	—	—	31. 12. 27	729,090	262,573	466,517	—	164,616	631,133	435,200	4	195,933	173,281	0	173,281	
22	Löwenbrauerei-Böhmisches Brauhaus A. G.	Berlin	6,250,000	1,230,500	879,793	—	—	30. 9. 27	2,079,469	1,277,074	802,395	—	9,670	812,065	750,000	12	62,065	647,830	12	35,830	
23	Zuckerfabrik Froebeln A. G.	Froebeln	4,072,320	117,000	367,773	—	—	31. 8. 27	493,221	243,298	249,923	—	22,861	272,784	225,600	6	47,185	22,861	0	22,861	
24	Bavaria- und St. Pauli-Brauerei	Altona	9,000,000	1,110,250	1,198,044	—	—	30. 9. 27	3,096,872	1,716,044	1,380,828	—	163,402	1,544,230	1,260,000	14	284,229	1,564,477	14	304,477	
25	Süddeutsche Zucker-A.-G.	Mannheim	30,000,000	3,300,000	82,151	—	—	31. 8. 27	3,557,158	1,304,048	2,253,110	—	1,033,644	3,286,754	2,152,970 28,000	8 a) 7 b)	1,105,784	2,729,259	8 a) 7 b)	1,090,259	a) ordinary
			366,286,590	42,819,457	32,002,300	64,802,500	3,240,125	—	69,716,410	26,141,626	43,574,784	—	3,795,444	47,370,228	36,539,358	—	10,830,870	45,396,534	—	12,062,962	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
ebeck & Co.																				
	Leipzig	18,610,000	2,806,246	6,633,149	—	—	30. 9. 27	3,468,687	1,854,611	1,614,076	—	22,537	1,636,613	1,495,320 6,312 3,000	10 a) 6 b) 10 c)	131,981	1,534,953	10 a) 6 b) 10 c)	116,481	a) ordinary shares; b) preference shares A; c) preference shares B.
	Dortmund	15,015,000	2,101,500	—	—	—	31. 12. 27	3,943,012	1,235,689	2,707,323	—	136,836	2,844,159	2,100,000 900	14 a) 6 b)	743,259	2,772,735	12 a) 6 b)	971,835	a) ordinary shares; b) preference shares.
	Berlin	3,660,000	366,000	225,000	—	—	31. 12. 27	539,705	173,450	366,255	—	4,265	370,520	365,000 1,000	10 a) 10 b)	4,520	443,265	12 a) 10 b)	4,265	a) ordinary shares; b) preference shares.
	Langendreer	3,000,000	412,969	90,375	—	—	31. 12. 27	427,000	205,298	221,702	—	60,819	282,521	162,000	6	120,521	235,620	5	115,620	
	Berlin	12,100,000	1,210,000	6,463,064	—	—	30. 9. 27	2,856,937	1,407,837	1,449,100	—	387,389	1,836,489	1,440,000 6,000	12 a) 6 b)	390,489	1,799,073	10 a) 6 b)	593,073	a) ordinary shares; b) preference shares.
	Berlin	26,500,000	2,650,000	411,908	—	—	31. 8. 27	3,352,742	262,355	3,090,387	—	45,930	3,136,317	3,000,000 90,000	12 a) 6 b)	46,317	3,135,930	12 a) 6 b)	45,930	a) ordinary shares; b) preference shares.
	Berlin	39,500,000	3,240,466	2,440,287	—	—	31. 8. 37	14,235,226	5,962,592	8,272,634	—	429,099	8,701,733	5,775,000 60,000	15 a) 6 b)	2,866,733	8,566,445	15 a) 6 b)	2,731,445	a) ordinary shares; b) preference shares.
	Karlsruhe	6,500,000	2,300,000	1,875,778	—	—	31. 12. 27	943,830	230,030	713,800	—	240,468	954,268	650,000	10	304,268	925,567	10	275,567	
rke A. G.	Berlin	60,000,000	4,371,297	6,290	—	—	31. 9. 27	4,525,884	50,260	4,475,624	—	106,383	4,582,007	4,200,000	-	382,007	5,428,051	7	1,321,907	
	Hamburg	8,420,000	1,603,204	679,940	—	—	31. 12. 27	1,853,464	328,240	1,525,224	—	61,507	1,586,731	1,008,000 1,200	12 a) 6 b)	577,531	1,905,614	12 a) 6 b)	896,414	a) ordinary shares; b) preference shares.
	Berlin	8,000,000	1,300,000	—	—	—	31. 12. 27	2,140,212	1,096,916	1,043,296	—	92,511	1,135,807	960,000	12	175,807	1,122,511	12	162,511	
sche Kohlen-																				
	Gelsenkirchen	28,000,000	2,800,000	289,467	—	—	31. 12. 27	4,136,849	1,432,724	2,704,125	—	90,657	2,794,782	2,520,000	9	274,782	2,143,990	7	183,990	
r Sohn, A. G	Tangermünde	11,600,000	1,160,000	124,865	—	—	30. 9. 27	1,989,988	1,183,976	806,012	—	90,193	896,205	696,000	6	200,205	540,193	5	90,193	
	München	13,045,000	2,302,980	5,121,939	—	—	30. 9. 27	3,527,637	1,065,688	2,461,949	—	71,038	2,532,987	1,690,000 2,250	18 a) 5 b)	840,737	2,255,563	12 a) 5 b)	693,313	a) ordinary shares; b) preference shares.
iskauer-Leist-																				
	München	5,700,000	450,000	1,428,152	—	—	30. 9. 27	1,624,352	821,394	802,958	—	146,190	949,148	570,000	10	379,148	1,067,346	10	497,346	
	München	3,258,000	2,458,589	1,312,988	—	—	30. 9. 27	780,491	200,917	579,574	—	239,640	819,214	324,000 1,080	10 a) 6 b)	494,134	882,839	10 a) 6 b)	557,759	a) ordinary shares; b) preference shares.
	Nürnberg	5,605,000	760,500	1,357,162	—	—	20. 9. 27	1,006,244	279,644	726,600	—	46,453	773,053	672,000 300	12 a) 6 b)	100,753	850,591	12 a) 6 b)	178,291	a) ordinary shares; b) preference shares.
	Altona	10,005,000	1,302,720	210,505	—	—	30. 9. 27	2,325,687	1,031,056	1,294,631	—	27,900	1,322,531	1,200,000 350	12 a) 7 b)	122,181	1,059,268	12 a) 7 b)	98,918	a) ordinary shares; b) preference shares.
	Dortmund	11,110,270	1,779,582	2,914	—	—	30. 9. 27	3,835,414	1,677,151	2,158,263	—	—	2,158,263	1,332,584 432	12 a) 8 b)	825,247	2,084,936	12 a) 8 b)	751,920	a) ordinary shares; b) preference shares.
	Köln	16,456,000	1,645,600	681,156	—	—	30. 6. 27	2,247,239	838,761	1,408,478	—	101,436	1,509,914	1,354,500 360	9 a) 6 b)	155,054	1,504,336	9 a) 6 b)	149,476	a) ordinary shares; b) preference shares.
	Bremen	10,880,000	40,054	119,600	—	—	31. 12. 27	729,090	262,573	466,517	—	164,616	631,133	435,200	4	195,933	173,281	0	173,281	
G.	Berlin	6,250,000	1,230,500	879,793	—	—	30. 9. 27	2,079,469	1,277,074	802,395	—	9,670	812,065	750,000	12	62,065	647,830	12	35,830	
	Froebeln	4,072,320	117,000	367,773	—	—	31. 8. 27	493,221	243,298	249,923	—	22,861	272,784	225,600	6	47,185	22,861	0	22,861	
	Altona	9,000,000	1,110,250	1,198,044	—	—	30. 9. 27	3,096,872	1,716,044	1,380,828	—	163,402	1,544,230	1,260,000	14	284,229	1,564,477	14	304,477	
	Mannheim	30,000,000	3,300,000	82,151	—	—	31. 8. 27	3,557,158	1,304,048	2,253,110	—	1,033,644	3,286,754	2,152,970 28,000	8 a) 7 b)	1,105,784	2,729,259	8 a) 7 b)	1,090,259	a) ordinary shares; b) preference shares.
		366,286,590	42,819,457	32,002,300	64,802,500	3,240,125	—	69,716,410	26,141,626	43,574,784	—	3,795,444	47,370,228	36,539,358	—	10,830,870	45,396,534	—	12,062,962	

serve for various purposes.
duction of costs and charges of every kind, including the industrial charge.
re and relief funds, placed to reserve or otherwise employed.

II. Foodstuffs Industry.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	O
			366,286,590	42,819,457	32,002,300	64,802,500	3,240,125	—	69,716,410	26,141,626	43,574,784	—	3,795,444	47,370,228	36,539,358	—	10,830,870	45,396,534	—	12,062,962	
26	Pommersche Provinzial-Zuckersiederei	Stettin	4,326,000	1,432,000	—	—	—	30. 9. 27	774,114	332,040	442,074	—	168	442,242	432,000 360	10 a) 6 b)	9,882	346,453	8 a) 6 b)	493	a) ordinary shares; b)
27	vom Rath, Schoeller & Skene A. G.	Klettendorf bei Breslau	15,000,000	—	561,110	—	—	31. 8. 27	*— 486,516*	802,981	—	1,289,497	*— 3,196,336*	*— 4,485,833*	—	0	*— 4,485,833*	*— 3,196,336*	0	*— 3,196,336*	
28	Hartwig & Vogel A. G.	Dresden	7,500,000	900,000	667,536	—	—	31. 12. 27	1,409,655	812,474	597,181	—	336,708	933,889	600,000	8	333,889	951,708	8	351,708	
29	A. G. Paulanerbräu Salvatorbrauerei	München	5,880,000	517,733	1,563,221	—	—	31. 8. 27	1,056,677	352,958	703,719	—	298,672	1,002,391	334,080	12	668,311	1,060,866	12	742,716	
30	Freiherrlich von Tucher'sche Brauerei A. G.	Nürnberg	5,000,000	500,000	1,294,209	—	—	30. 6. 27	757,065	228,290	528,775	—	52,629	581,404	500,000	10	81,404	696,629	10	196,629	
31	Schlesische Mühlenwerke A. G.	Breslau	4,400,000	300,000	140,021	—	—	31. 12. 27	503,268	245,130	258,138	—	156,222	414,360	200,000 24,000	5 a) 6 b)	190,360	156,222	0 a) 0 b)	156,222	a) ordinary shares; b)
32	Zuckerraffinerie A. G. Genthin	Genthin	2,357,900	487,922	—	—	—	31. 8. 27	212,887	212,475	412	—	—	412	—	0	412	*— 15,197*	0	*— 15,197*	
33	Zuckerraffinerie Halle	Halle a. S.	4,640,000	598,816	—	—	—	30. 9. 27	438,790	207,295	231,495	—	6,827	238,322	232,000	5	6,322	6,827	0	6,827	
34	Rositzer Zuckerraffinerie	Rositz (Thür.)	3,484,000	84,000	—	—	—	30. 9. 27	349,246	159,687	189,559	—	723	190,282	170,000 10,080*)	5 a) 6 b)	10,202	1,223	0 a) 0 b)	1,223	a) ordinary shares; b) * including the divide
35	Radeberger Exportbierbrauerei A. G.	Radeberg	4,505,000	750,000	370,506	—	—	30. 9. 27	1,111,678	300,648	811,030	—	60,475	871,505	562,500 500	12½ a) 10 b)	308,505	846,820	12½ a) 10 b)	321,320	a) ordinary shares; b)
36	Wicküler-Küpper-Brauerei A. G.	Elberfeld	4,000,000	400,000	17,837	—	—	31. 10. 27	926,329	366,888	559,441	—	28,583	588,024	480,000	12	108,024	590,510	12	110,510	
37	Aktienbrauerei Zum Hasen	Augsburg	6,006,000	760,000	3,750,578	—	—	30. 9. 27	742,724	333,995	408,729	—	35,700	444,429	360,000 360	6 a) 6 b)	84,069	571,904	8 a) 6 b)	91,544	a) ordinary shares; b)
38	Stärke-Zuckerfabrik A. G. vormals C. A. Koehlmann & Co.	Frankfurt (Oder)	3,785,000	591,679	—	—	—	31. 8. 27	406,969	211,653	195,316	—	33,650	228,966	189,000 300	5 a) 6 b)	39,666	215,032	5 a) 6 b)	42,895	a) ordinary shares; b)
39	Schöfferhof-Binding-Bürgerbräu A. G.	Frankfurt a. M.	5,060,000	1,106,000	1,061,503	—	—	30. 9. 27	1,714,645	205,932	1,508,713	—	76,578	1,585,291	1,000,000 5,600	20 a) 9⅓ b)	579,691	1,562,734	20 a) 9⅓ b)	557,134	a) ordinary shares; b)
40	Zuckerfabrik Rheingau A. G.	Worms	3,131,520	313,152	—	—	—	31. 8. 27	333,351	157,678	175,673	—	67,027	242,700	181,507	7	61,193	67,027	0	67,027	
			445,362,010	51,560,759	41,428,821	80,940,548	4,047,027	—	80,453,808 *— 486,516*	31,071,750	50,185,039	1,289,497	4,949,406 *— 3,196,336*	55,134,445 *— 4,485,833*	41,821,645	9,39	13,312,800 *— 4,485,833*	52,470,489 *— 3,211,533*	8,61	14,709,210 *— 3,211,533*	
			445,362,010	51,560,759	41,428,821	80,940,548	4,047,027	—	79,967,292	31,071,750	50,185,039	1,289,497	1,753,070	50,648,612	41,821,645	9,39	8,826,967	49,258,956	8,61	11,497,677	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison: Dividend distributed	Comparison: Balance in hand (3)	Observations
		366,286,590	42,819,457	32,002,300	64,802,500	3,240,125	—	69,716,410	26,141,626	43,574,784	—	3,795,444	47,370,228	36,539,358	—	10,830,870	45,396,534	—	12,062,962	
i	Stettin	4,326,000	1,432,000	—	—	—	30. 9. 27	774,114	332,040	442,074	—	168	442,242	432,000 360	10 a) 6 b)	9,882	346,453	8 a) 6 b)	493	a) ordinary shares; b) preference shares.
.....	Klettendorf bei Breslau	15,000,000	—	561,110	—	—	31. 8. 27	*— 486,516*	802,981	—	1,289,497	*— 3,196,336*	*— 4,485,833*	—	0	*— 4,485,833*	*— 3,196,336*	0	*— 3,196,336*	
.....	Dresden	7,500,000	900,000	667,536	—	—	31. 12. 27	1,409,655	812,474	597,181	—	336,708	933,889	600,000	8	333,889	951,708	8	351,708	
.....	München	5,880,000	517,733	1,563,221	—	—	31. 8. 27	1,056,677	352,958	703,719	—	298,672	1,002,391	334,080	12	668,311	1,060,866	12	742,716	
l A. G.	Nürnberg	5,000,000	500,000	1,294,209	—	—	30. 6. 27	757,065	228,290	528,775	—	52,629	581,404	500,000	10	81,404	696,629	10	196,629	
.....	Breslau	4,400,000	300,000	140,021	—	—	31. 12. 27	503,268	245,130	258,138	—	156,222	414,360	200,000 24,000	5 a) 6 b)	190,360	156,222	0 a) 0 b)	156,222	a) ordinary shares; b) preference shares.
.....	Genthin	2,357,900	487,922	—	—	—	31. 8. 27	212,887	212,475	412	—	—	412	—	0	412	*— 15,197*	0	*— 15,197*	
.....	Halle a. S.	4,640,000	598,816	—	—	—	30. 9. 27	438,790	207,295	231,495	—	6,827	238,322	232,000	5	6,322	6,827	0	6,827	
.....	Rositz (Thür.)	3,484,000	84,000	—	—	—	30. 9. 27	349,246	159,687	189,559	—	723	190,282	170,000 10,080*)	5 a) 6 b)	10,202	1,223	0 a) 0 b)	1,223	a) ordinary shares; b) preference shares. * including the dividend for 1925/26.
.....	Radeberg	4,505,000	750,000	370,506	—	—	30. 9. 27	1,111,678	300,648	811,030	—	60,475	871,505	562,500 500	12½ a) 10 b)	308,505	846,820	12½ a) 10 b)	321,320	a) ordinary shares; b) preference shares.
.....	Elberfeld	4,000,000	400,000	17,837	—	—	31. 10. 27	926,329	366,888	559,441	—	28,583	588,024	480,000	12	108,024	590,510	12	110,510	
.....	Augsburg	6,006,000	760,000	3,750,578	—	—	30. 9. 27	742,724	333,995	408,729	—	35,700	444,429	360,000 360	6 a) 6 b)	84,069	571,904	8 a) 6 b)	91,544	a) ordinary shares; b) preference shares.
A. Koehlmann																				
.....	Frankfurt (Oder)	3,785,000	591,679	—	—	—	31. 8. 27	406,969	211,653	195,316	—	33,650	228,966	189,000 300	5 a) 6 b)	39,666	215,032	5 a) 6 b)	42,895	a) ordinary shares; b) preference shares.
.....	Frankfurt a. M.	5,060,000	1,106,000	1,061,503	—	—	30. 9. 27	1,714,645	205,932	1,508,713	—	76,578	1,585,291	1,000,000 5,600	20 a) 9½ b)	579,691	1,562,734	20 a) 9½ b)	557,134	a) ordinary shares; b) preference shares.
.....	Worms	3,131,520	313,152	—	—	—	31. 8. 27	333,351	157,678	175,673	—	67,027	242,700	181,507	7	61,193	67,027	0	67,027	
		445,362,010	51,560,759	41,428,821	80,940,548	4,047,027	—	80,453,808 *— 486,516*	31,071,750	50,185,039	1,289,497	4,949,406 *— 3,196,336*	55,134,445 *— 4,485,833*	41,821,645	9,39	13,312,800 *— 4,485,833*	52,470,489 *— 3,211,533*	8,61	14,709,210 *— 3,211,533*	
		445,362,010	51,560,759	41,428,821	80,940,548	4,047,027	—	79,967,292	31,071,750	50,185,039	1,289,497	1,753,070	50,648,612	41,821,645	9,39	8,826,967	49,258,956	8,61	11,497,677	

ed to reserve for various purposes.
fter deduction of costs and charges of every kind, including the industrial charge.
welfare and relief funds, placed to reserve or otherwise employed.

III. Heavy Industry.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	Observations
1	»Eintracht« Braunkohlenwerke und Brikettfabriken A.G.	Berlin	24,000,000	3,863,123	—	—	—	31. 12. 27	6,216,832	3,551,680	2,665,152	—	40,648	2,705,800	2,400,000	10	305,800	2 600 648	10	200.648	
2	Ilse Bergbau A. G.	Grube Ilse N/L.	50,000,000*	9,733,138	14,376	—	—	31. 12. 27	11,244,136	5,331,457	5,912,679	—	99,816	6,012,495	2,240,000	8 a)	500,495	6,477,251	8 a)	965,075	* plus 33,400,000 bonus. a) ordinary shares; b) d) preference shares.
															2,672,000	8 b)			8 b)		
																			6 c)		
															600,000	6 d)			6 d)		
3	Essener Steinkohlenbergwerke A. G.	Essen	52,500,000	5,250,000	2,701,403	—	—	31. 12. 27	7,763,037	3,328,295	4,434,742	—	301,266	4,736,008	4,200,000	8	536,008	4,734,599	8	534,599	
4	Buderus'sche Eisenwerke	Wetzlar	26,300,000	2,630,000	1,488,834	—	—	31. 12. 27	2,342,648	1,321,436	1,021,212	—	951,296	1,972,508	927,005	5 a)	1,030,503	971,467	0 a)	956,467	a) ordinary shares; b) p
															15,000	5 b)			5 b)		
5	Harpener Bergbau A. G.	Dortmund	100,300,000	527,420	11,257,619	—	—	31. 12. 27	15,737,132	10,211,562	5,525,570	—	811,731	6,337,301	5,100,000	6 a)	1,219,301	8,281,821	8 a)	1,463,821	a) ordinary shares; b) p
															18,000	6 b)			6 b)		
6	Braunkohlen- u. Brikettwerke Roddergrube A. G.	Brühl	18,000,000	5,000,000	—	—	—	31. 12. 27	9,089,493	3,912,834	5,176,659	—	172,809	5,349,468	4,860,000	27	489,468	4,840,177	24	520,177	
7	Niederlausitzer Kohlenwerke	Berlin	24,200,000	2,400,000	51,785	—	—	31. 12. 27	7,035,238	4,503,459	2,531,779	—	179,487	2,711,266	2,400,000	10 a)	299,266	2,735,487	10 a)	323,487	a) ordinary shares; b) p
															12,000	6 b)			6 b)		
8	Vereinigte Stahlwerke Aktiengesellschaft	Düsseldorf	800,000,000	297,216,000	538,957,000	—	—	30. 9. 27	135,996,672	85,461,000	50,535,672	—	2,402,328	52,938,000	48,000,000	6	4,938,000	26,457,355*	6	2,457,355	* for 6 months only.
9	»Mansfeld« Aktiengesellschaft für Bergbau u. Hüttenbetrieb	Eisleben	37,875,000	6,000,000	14,757,617	—	—	31. 12. 27	6,457,576	3,637,620	2,819,956	—	44,941	2,864,897	2,625,000	7 a)	200,019	2,775,996	7 a)	128,496	a) ordinary shares; b) prefer
															22,500	6 b)			6 b)		
															17,378	2 c)					
10	Schlesische Bergwerks- und Hütten A. G.	Beuthen O./S.	16,667,000	1,000,000	—	—	—	31. 12. 27	5,093,464	2,000,000	3,093,464	—	103,769	3,197,233	2,000,040	12	1,197,193	2,926,617	12	926,577	
11	Kaliwerke Aschersleben	Aschersleben	15,824,000	1,946,051	11,740,695	—	—	31. 12. 27	2,926,198	1,325,516	1,600,682	—	131,226	1,731,908	1,550,000	10 a)	162,468	1,700,666	10 a)	131,226	a) ordinary shares; b) p
															19,440	6 b)			6 b)		
12	Deutsche Erdöl A. G.	Berlin	100,400,000	5,584,745	6,026,868	—	—	31. 12. 27	12,019,685	4,345,843	7,673,842	—	669,308	8,343,150	7,000,000	7 a)	1,315,150	7,224,489	6 a)	1,290,489	a) ordinary shares; b) r
															28,000	7 b)			6 b)		
13	Aktien-Gesellschaft für Bergbau, Blei- und Zinkfabrikation zu Stolberg und in Westfalen	Aachen	14,300,800	1,430,100	—	—	—	31. 12. 27	1,866,303	1,038,002	828,301	—	76,835	905,136	810,048	6 a)	63,088	1,299,471	8 a)	179,407	a) ordinary shares; b) p
															32,000	4 b)			5 b)		
14	Kaliwerk Krügershall A. G.	Halle a. S.	30,062,000	6,829,673	9,306	—	—	31. 12. 27	3,317,351	302,916	3,014,435	—	16,367	3,030,802	3,000,000	10 a)	29,482	1,461,687	10 a)	16,367	a) ordinary shares; b) p
															1,320	6 b)			6 b)		
15	Kaliwerke Salzdetfurth A. G.	Bad Salzdetfurth	16 100,000	1,610,000	10,338,039	—	—	31. 12. 27	3,247,317	813,322	2,433,995	—	153,416	2,587,411	2,400,000	15 a)	181,411	2,079,416	12 a)	153,416	a) ordinary shares; b) p
															6,000	6 b)			6 b)		
16	Consolidierte Alkaliwerke	Westeregeln	16,650,000	1,700,000	4,939,935	—	—	31. 12. 27	2,793,300	1,133,544	1,659,756	—	169,804	1,829,560	1,650,000	10 a)	170,560	1,828,804	10 a)	169,804	a) ordinary shares; b) p
															9,000	6 b)			6 b)		
17	Friedr. Krupp A. G.	Essen	160,000,000	69,198,444	90,192,406	—	—	30. 9. 27	22,895,588	9,858,914	13,036,674	—	—	13,036,674	—	0	13,036,674	— 2,106,227	0	— 2,106,227	
18	Phönix A. G. für Braunkohlenverwertung in Berlin	Mumsdorf i. Th.	8,700,000	2,486,498	444,548	—	—	31. 12. 27	1,289,399	720,538	568,861	—	7,002	575,863	510,000	6 a)	53,863	576,408	6 a)	54,408	a) ordinary shares; b)
															12,000	6 b)			7 b)		
19	Oberschlesische Eisenbahn-Bedarf A. G.	Gleiwitz O./S.	27,792,000	1,469,021	2,025,551	—	—	30. 9. 27	1,613,375	781,319	832,056	—	114,400	946,456	776,150	5 a)	148,520	120,422	0 a)	120,422	a) ordinary shares; b)
															21,786	6 b)			0 b)		
20	Kaliwerke Niedersachsen zu Wathlingen A. G.	Wathlingen	10,045,000	605,700	42,640	—	—	31. 12. 27	1,049,217	334,754	714,463	—	24,017	738,480	643,600*	8 a)	94,160	397,437	6 a)	34,017	a) ordinary shares; b) * 4 per cent on 1,000,0
															720	6 b)			6 b)		
21	Bergbau-Aktiengesellschaft Lothringen	Hannover	80,000,000	200,000	24,102,103	—	—	31. 12. 27	4,851,549	4,576,939	274,610	—	18,393	293,003	—	0	293,003	218,393	0	218,393	
22	Bergwerksgesellschaft Dahlbusch A. G.	Gelsenkirchen	15,000,000	122,000	51,677	—	—	31. 12. 27	1,879,488	1,132,807	746,681	—	48,760	795,441	600,000	5 a)	45,441	1,415,970	7 a)	155,970	a) ordinary shares; b)
															150,000	5 b)			9 b)		
23	Magdeburger Bergwerks A. G.	Magdeburg	10,949,000	1,095,000	—	—	—	31. 12. 27	— 764,839	330,837	—	1,095,676	— 43,014	— 1,138,690	—	0 a)	— 1,138,690	— 43,014	0 a)	— 43,014	a) ordinary shares; b)
																0 b)			0 b)		
			1,655,664,800	427,896,913	719,136,402	298,529,680	14,926,484	—	266,724,998	149,954,594	117,101,241	1,095,676	6,537,619	123,638,860	97,328,987	—	26,309,873	81,124,581	—	10,910,621	
									— 764,839				— 43,014	— 1,138,690			— 1,138,690	— 2,149,241		— 2,149,241	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
ettfabriken A.G.	Berlin	24,000,000	3,863,123	—	—	—	31. 12. 27	6,216,832	3,551,680	2,665,152	—	40,648	2,705,800	2,400,000	10	305,800	2 60 \ 648	10	200,648	
	Grube Ilse N/L.	50,000,000*	9,733,138	14,376	—	—	31. 12. 27	11,244,136	5,331,457	5,912,679	—	99,816	6,012,495	2,210,000	8 a)			8 a)		* plus 33,400,000 bonus shares (Genußscheine).
														2,672,000	8 b)	500,495	6,477,251	8 b)	965,075	a) ordinary shares; b) bonus shares; c) reserve shares; d) preference shares.
														600,000	6 c)			6 c)		
															6 d)			6 d)		
	Essen	52,500,000	5,250,000	2,701,403	—	—	31. 12. 27	7,763,037	3,328,295	4,434,742	—	301,266	4,736,008	4,200,000	8	536,008	4,734,599	8	534,599	
	Wetzlar	26,300,000	2,630,000	1,488,834	—	—	31. 12. 27	2,342,648	1,321,436	1,021,212	—	951,296	1,972,508	927,005	5 a)	1,030,503	971,467	0 a)	956,467	a) ordinary shares; b) preference shares.
														15,000	5 b)			5 b)		
	Dortmund	100,300,000	527,420	11,257,619	—	—	31. 12. 27	15,737,132	10,211,562	5,525,570	—	811,731	6,337,301	5,100,000	6 a)	1,219,301	8,281,821	8 a)	1,463,821	a) ordinary shares; b) preference shares.
														18,000	6 b)			6 b)		
rube A. G.	Brühl	18,000,000	5,000,000	—	—	—	31. 12. 27	9,089,493	3,912,834	5,176,659	—	172,809	5,349,468	4,860,000	27	489,468	4,840,177	24	520,177	
	Berlin	24,200,000	2,400,000	51,785	—	—	31. 12. 27	7,035,238	4,503,459	2,531,779	—	179,487	2,711,266	2,400,000	10 a)	299,266	2,735,487	10 a)	323,487	a) ordinary shares; b) preference shares.
														12,000	6 b)			6 b)		
aft	Düsseldorf	800,000,000	297,216,000	538,957,000	—	—	30. 9. 27	135,996,672	85,461,000	50,535,672	—	2,402,328	52,938,000	48,000,000	6	4,938,000	26,457,355*	6	2,457,355	* for 6 months only.
ghau u. Hütten-																				
	Eisleben	37,875,000	6,000,000	14,757,617	—	—	31. 12. 27	6,457,576	3,637,620	2,819,956	—	44,941	2,864,897	2,625,000	7 a)			7 a)		a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
														22,500	6 b)	200,019	2,775,996	6 b)	128,496	
														17,378	2 c)					
G.	Beuthen O./S.	16,667,000	1,000,000	—	—	—	31. 12. 27	5,093,464	2,000,000	3,093,464	—	103,769	3,197,233	2,000,040	12	1,197,193	2,926,617	12	926,577	
	Aschersleben	15,824,000	1,946,051	11,740,695	—	—	31. 12. 27	2,926,198	1,325,516	1,600,682	—	131,226	1,731,908	1,550,000	10 a)	162,468	1,700,666	10 a)	131,226	a) ordinary shares; b) preference shares.
														19,440	6 b)			6 b)		
	Berlin	100,400,000	5,584,745	6,026,868	—	—	31. 12. 27	12,019,685	4,345,843	7,673,842	—	669,308	8,343,150	7,000,000	7 a)	1,315,150	7,224,489	6 a)	1,200,489	a) ordinary shares; b) registered shares.
														28,000	7 b)			6 b)		
und Zinkfabri-																				
	Aachen	14,300,800	1,430,100	—	—	—	31. 12. 27	1,866,303	1,038,002	828,301	—	76,835	905,136	810,048	6 a)	63,088	1,299,471	8 a)	179,407	a) ordinary shares; b) preference shares.
														32,000	4 b)			5 b)		
	Halle a. S.	30,062,000	6,829,673	3,306	—	—	31. 12. 27	3,317,351	302,916	3,014,435	—	16,367	3,030,802	3,000,000	10 a)	29,482	1,461,687	10 a)	16,367	a) ordinary shares; b) preference shares.
														1,320	6 b)			6 b)		
	Bad Salzdetfurth	16,100,000	1,610,000	10,338,039	—	—	31. 12. 27	3,247,317	813,322	2,433,995	—	153,416	2,587,411	2,400,000	15 a)	181,411	2,079,416	12 a)	153,416	a) ordinary shares; b) preference shares.
														6,000	6 b)			6 b)		
	Westeregeln	16,650,000	1,700,000	4,939,935	—	—	31. 12. 27	2,793,300	1,133,544	1,659,756	—	169,804	1,829,560	1,650,000	10 a)	170,560	1,828,804	10 a)	169,804	a) ordinary shares; b) preference shares.
														9,000	6 b)			6 b)		
	Essen	160,000,000	69,198,444	90,192,406	—	—	30. 9. 27	22,895,588	9,858,914	13,036,674	—	—	13,036,674	—	0	13,036,674	— 2,706,227	0	— 2,706,227	
ng in Berlin ..	Mumsdorf i. Th.	8,700,000	2,486,498	444,548	—	—	31. 12. 27	1,289,399	720,538	568,861	—	7,002	575,863	510,000	6 a)	53,863	576,408	6 a)	54,408	a) ordinary shares; b) preference shares.
														12,000	6 b)			7 b)		
	Gleiwitz O./S.	27,792,000	1,469,021	2,025,551	—	—	30. 9. 27	1,613,375	781,319	832,056	—	114,400	946,456	776,150	5 a)	148,520	120,422	0 a)	120,422	a) ordinary shares; b) preference shares.
														21,786	6 b)			0 b)		
en A. G.	Wathlingen	10,045,000	605,700	42,640	—	—	31. 12. 27	1,049,217	334,754	714,463	—	24,017	738,480	643,600*	8 a)	94,160	397,437	6 a)	34,017	a) ordinary shares; b) preference shares. * 4 per cent on 4,000,000 *RM.* of new shares.
														720	6 b)			6 b)		
	Hannover	80,000,000	200,000	24,102,103	—	—	31. 12. 27	4,851,549	4,576,939	274,610	—	18,393	293,003	—	0	293,003	218,393	0	218,393	
	Gelsenkirchen	15,000,000	122,000	51,677	—	—	31. 12. 27	1,879,488	1,132,807	746,681	—	48,760	795,441	600,000	5 a)	45,441	1,415,970	7 a)	155,970	a) ordinary shares; b) preference shares.
														150,000	5 b)			9 b)		
	Magdeburg	10,949,000	1,095,000	—	—	—	31. 12. 27	— *764,839*	330,837	—	1,095,676	— *43,014*	— *1,138,690*	—	0 a)	— *1,138,690*	— *43,014*	0 a)	— *43,014*	a) ordinary shares; b) preference shares.
															0 b)			0 b)		
		1,655,664,800	427,896,913	719,136,402	298,529,680	14,926,484	—	266,724,998 — *764,839*	149,954,594	117,101,241	1,095,676	6,537,619 — *43,014*	123,638,860 — *1,138,690*	97,328,987	—	26,309,873 — *1,138,690*	81,124,581 — *2,149,241*	—	10,910,621 — *2,149,241*	

(1) reserve for various purposes.
(2) deduction of costs and charges of every kind, including the industrial charge.
(3) welfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			Observations
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
			1,655,664,800	427,896,913	719,136,402	298,529,680	14,926,484	—	266,724,998 *— 764,839*	149,954,594	117,101,241	1,095,676	6,537,619 *— 43,014*	123,638,860 *— 1,138,690*	97,328,987	—	26,309,873 *— 1,138,690*	81,124,581 *— 2,149,241*	—	10,910,621 *— 2,149,241*	
24	Stahl- und Walzwerk Hennigsdorf A. G.	Berlin	8,000,000	600,000	3,263,613	—	—	30. 9. 27	767,749	759,043	8,706	—	—	8,706	—	—	8 706	—	—	—	
25	Braunschweigische Kohlen-Bergwerke	Helmstedt	12,750,000	1,275,000	21,704	—	—	31. 12. 27	2,825,674	1,349,999	1,475,675	—	102,053	1,577,728	1,275,000	10	302 728	1,556,047	10	281,047	
26	Mannesmannröhren Werke	Düsseldorf	160,263,600	11,024,431	2,831,822	—	—	31. 12. 27	20,163,806	7,493,364	12,670,442	—	3,116,130	15,786,572	11,199,984 15,840 349,998	8 a) 6 b) 7 c)	4,220,750	8,804,987	5 a) 6 b)	3,029,147	a) ordinary shares ; b) p
27	Norddeutsche Hütte A. G.	Bremen-Oslebshausen	9,000,000	1,800,000	—	—	—	31. 12. 27	784,174	771,281	12,893	—	53,541	66,434	—	0	66,434	53,541	0	53,541	
28	Deutsche Petroleum A. G.	Berlin	35,000,000	3,726,691	—	—	—	31. 12. 27	2,518,570	2,016,470	502,100	—	548,605	1,050,705	—	0	1,050,705	548,605	0	548 605	
29	Klöcknerwerke Aktiengesellschaft	Berlin	90,000,000	18,000,000	48,737,644	—	—	30. 6. 27	14,583,328	8,019,730	6,563,598	—	668,531	7,232,129	6,300,000	7	932,129	5,342,813	5	842,813	
30	Eisen- u. Stahlwerk Hoesch A. G.	Dortmund	55,350,000	25,005,000	18,000,000	—	—	30. 6. 27	4,746,195	—	4,746,195	—	171,570	4,917,765	4,344,000 15,000	8 a) 5 b)	558,765	2,916,570	5 a) 5 b)	171,570	a) ordinary shares; b) p
31	Stahlwerke Röchling-Buderus A. G.	Wetzlar	3,000,000	1,848,394	397,643	—	—	31. 12. 27	308,380	276,520	31,860	—	27,255	59,115	—	0	59,115	27,255	0	27,255	
32	Gebr. Böhler & Co. A. G.	Berlin	5,000,000	2,855,000	9,880	—	—	30. 6. 27	733,507	278,000	455,507	—	53,336	508,843	400,000	8	108,843	461,443	7	111,443	
33	Preussengrube A. G.	Berlin	12,000,000	1,200,000	—	—	—	31. 12. 27	1,222,921	808,072	414,849	—	190,770	605,619	600,000	5	5,619	190,770	0	190,770	
34	Kokswerke u. Chemische Fabriken A. G.	Berlin	80,300,000	8,030,000	8,933,912	—	—	31. 12. 27	7,818,050	2,859,511	4,958,539	—	2,276,758	7,235,297	4,231,752 600,000b)	6 a)	2,403,545	2,276,758	0	2,276,758	a) ordinary shares; b)
35	Braunkohlenwerke Borna A. G.	Borna Bez. Leipzig	8,000,000	2,638,501	72,942	—	—	31. 12. 27	1,279,393	665,008	614,385	—	14,003	628,388	560,000	7	68,388	535,793	6	55,793	
36	Eschweiler Bergwerksverein	Kohlscheid	22,800,000	4,849,545	20,300,513	—	—	30. 6. 27	6,723,659	3,412,204	3,311,455	—	—	3,311,455	3,192,000	14	119,455	3,311,455	14	119,455	
37	Köln-Neuessener Bergwerksverein	Essen-Altenessen	55,410,000	19,170,000	—	—	—	30. 6. 27	5,336,412	—	5,336,412	—	156,870	5,493,282	4,887,000 21,600	9 a) 6 b)	584,682	3,186,570	5½ a) 6 b)	156,870	a) ordinary shares; b) p
38	Bergbau- u. Hütten-Aktien-Gesellschaft »Friedrichshütte«	Herdorf	4,000,000	540,064	—	—	—	30. 6. 27	422,786	422,110	160,676	—	9,620	10,296	—	0	10,296	9,621	0	9,621	
39	Geisweider Eisenwerke A. G.	Geisweid	4,500,000	295,118	—	—	—	30. 6. 27	635.939	295,670	340,269	—	—	340,269	246,000 32,000	6 a) 8 b)	62,269	34,067	0 a) 6 b)	10,067	a) ordinary shares; b) p
40	Rheinisch-Westfälische Stahl- u. Walzwerke A. G.	Gelsenkirchen	6,500,000	1,385,260	104,640	—	—	31. 7. 27	1,085,086	398,026	687,060	—	—	687,060	520,000	8	167,060	*— 1,301,183*	0	*— 1,301,183*	
41	Bergwerksgesellschaft Hibernia	Herne	56,000,000	10,285,700	1,099,725	—	—	31. 12. 27	7,301,574	5,036,059	2,265,515	—	269,512	2,535,027	1,920,000 360,000	4 a) 4½ b)	255,027	3,029,512	5 a) 4½ b)	269,512	a) ordinary shares; b)
42	Braunkohlen- u. Briket-Industrie A. G.	Berlin	20,640,000	7,266,920	3,028,570	—	—	30. 6. 27	4,865,968	2,750,000	2,115,968	—	359,985	2,475,953	2,000,000 22,400	10 a) 7 b)	453,553	2,292,853	10 a) 7 b)	430,453	a) ordinary shares; b)
43	Bayerische Braunkohlen-Industrie A. G.	Schwandorf i. Bay.	5,414,400	588,120	—	—	—	31. 12. 27	151,388	159,766	—	8,378	—	— 8,378	—	0	— 8,378	*— 11,880*	0	*— 11,880*	
44	Sächsische Gussstahl-Werke Döhlen A. G.	Dresden	7,000,000	845,033	4,000,000	—	—	30. 6. 27	506,547	400,026	106,521	—	386,463	492,984	420,000	6	72,984	406,803	0	406,803	
45	Anhaltische Kohlenwerke	Halle a. S.	22,950,000	2,590,000	599,620	—	—	31. 12. 27	2,942,546	1,508,623	1,433,923	—	190,722	1,624,645	1,296,000 81,000	6 a) 6 b)	247,645	1,637,944	6 a) 6 b)	260,944	a) ordinary shares; b)
46	Bergwerksgesellschaft Trier m. b. H.	Hamm i. W.	28,500,000	—	2,197,397	—	—	30. 6. 27	2,374,355	3,257,614	—	883,259	*— 2,121,994*	*— 3,005,253*	—	0	*— 3,005,253*	*— 2,121,994*	0	*— 2,121,994*	
47	Gutehoffnungshütte, Aktienverein für Bergbau und Hüttenbetrieb	Nürnberg	80,000,000	12,000,000	—	—	—	30. 6. 27	6,414,032	1,147,495	5,266,537	—	50,908	5,317,445	4,800,000	6	517,445	4,050,908	5	50,908	
48	Eisenhüttenwerk Thale A. G.	Thale a. Harz	8,333,300	40,700	76,350	—	—	31. 12. 27	1,253,156	585,945	667,211	—	104,595	771,806	583,331	7	188,475	465,686	4	132,354	
49	Oberbayerische A. G. für Kohlenbergbau	München	4,825,000	336,285	68,756	—	—	31. 12. 27	515,341	506,369	8,972	—	—	8,972	—	0	8,972	4,952	0	4,952	a) ordinary shares; b)
50	Essener Bergwerksverein König Wilhelm A. G.	Essen-Borbeck	8,500,000	11,937,405	—	—	—	31. 12. 27	2,082,445	902,635	1,179,810	—	107,222	1,287,032	876,000 204,000	12 a) 17 b)	207,032	1,302,754	12 a) 17 b)	222,754	
51	Kaliwerke Neu-Stassfurt-Friedrichshall A. G.	Berlin	19,500,000	2,000,000	5,911,241	—	—	31. 12. 27	1,900,871	878,270	1,022,601	—	77,733	1,100,334	975,000	5	125,334	1,074,400	5	99,400	
52	Braunkohlenwerke Leonhard A. G.	Zipsendorf b. Zeitz	8,000,000	325,617	278,625	—	—	31. 12. 27	1,242,884	684,084	588,800	—	5,948	564,748	504,000 2,138	7 a) 2 b)	58,610	564,237	7 a) 2 b)	57,965	
			2,497,201,100	580,325,697	839,070,999	453,925,500	22,696,275	—	370,231,734 *— 764,839*	197,596,488	173,857,720	1,987,313	15,479,749 *— 2,165,008*	189,337,469 *— 4,152,321*	150,163,030	—	39,174,439 *— 4,152,321*	125,210,925 *— 5,614,298*	—	20,731,421 *— 5,614,298*	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
		1,655,664,800	427,896,913	719,136,402	208,529,680	14,926,484	—	266,724,998 *— 764,839*	149,954,594	117,101,241	1,095,676	6,537,619 *— 43,014*	123,638,860 *— 1,138,690*	97,328,987	— —	26,309,873 *— 1,138,690*	81,124,581 *— 2,149,241*	—	10,910,621 *— 2,149,241*	
.....	Berlin	8,000,000	600,000	3,263,613	—	—	30. 9. 27	767,749	759,043	8,706	—	—	8,706	—	—	8 706	—	—	—	
.....	Helmstedt	12,750,000	1,275,000	21,704	—	—	31. 12. 27	2,825,674	1,349,999	1,475,675	—	102,053	1,577,728	1,275,000	10	302 728	1,556,047	10	281,047	
.....	Düsseldorf	160,263,600	11,024,431	2,831,822	—	—	31. 12. 27	20,163,806	7,493,364	12,670,442	—	3,116,130	15,786,572	11,199,984 15,840 349,998	8 a) 6 b) 7 c)	4,220,750	8,804,987	5 a) 6 b)	3,029,147	a) ordinary shares; b) preference shares.
.....	Bremen-Oslebshausen	9,000,000	1,800,000	—	—	—	31. 12. 27	784,174	771,281	12,893	—	53,541	66,434	—	0	66,434	53,541	0	53,541	
.....	Berlin	35,000,000	3,726,691	—	—	—	31. 12. 27	2,518,570	2,016,470	502,100	—	548,605	1,050,705	—	0	1,050,705	548,605	0	548 605	
.....	Berlin	90,000,000	18,000,000	48,737,644	—	—	30. 6. 27	14,583,328	8,019,730	6,563,598	—	668,531	7,232,129	6,300,000	7	932,129	5,342,813	5	842,813	
.....	Dortmund	55,350,000	25,005,000	18,000,000	—	—	30. 6. 27	4,746,195	—	4,746,195	—	171,570	4,917,765	4,344,000 15,000	8 a) 5 b)	558,765	2,916,570	5 a) 5 b)	171,570	a) ordinary shares; b) preference shares I.
.....	Wetzlar	3,000,000	1,848,394	397,643	—	—	31. 12. 27	308,380	276,520	31,860	—	27,255	59,115	—	0	59,115	27,255	0	27,255	
.....	Berlin	5,000,000	2,855,000	9,880	—	—	30. 6. 27	733,507	278,000	455,507	—	53,336	508,843	400.000	8	108,843	461,443	7	111,443	
.....	Berlin	12,000,000	1,200,000	—	—	—	31. 12. 27	1,222,921	808,072	414,849	—	190,770	605,619	600.000	5	5,619	190,770	0	190,770	
G.	Berlin	80,300,000	8,030,000	8,933,912	—	—	31. 12. 27	7,818,050	2,859,511	4,958,539	—	2,276,758	7,235,297	4,231,752 600,000 b)	6 a)	2,403,545	2,276,758	0	2,276,758	a) ordinary shares; b) bonus shares (Genußscheine).
.....	Borna Bez. Leipzig	8,000,000	2,638,501	72,942	—	—	31. 12. 27	1,279,393	665,008	614,385	—	14,003	628,388	560,000	7	68,388	535,793	6	55,793	
.....	Kohlscheid	22,800,000	4,849,545	20,300,513	—	—	30. 6. 27	6,723,659	3,412,204	3,311,455	—	—	3,311,455	3,192,000	14	119,455	3,311,455	14	119,455	
.....	Essen-Altenessen	55,410,000	19,170,000	—	—	—	30. 6. 27	5,336,412	—	5,336,412	—	156,870	5,493,282	4,887,000 21,600	9 a) 6 b)	584,682	3,186,570	5½ a) 6 b)	156,870	a) ordinary shares; b) preference shares I.
aft „Friedrichs-																				
.....	Herdorf	4,000,000	540,064	—	—	—	30. 6. 27	422,786	422,110	160,676	—	9,620	10,296	—	0	10,296	9.621	0	9,621	
.....	Geisweid	4,500,000	295,118	—	—	—	30. 6. 27	635,939	295,670	340,269	—	—	340,269	246,000 32,000	6 a) 8 b)	62,269	34,067	0 a) 6 b)	10,067	a) ordinary shares; b) preference shares.
zwerke A. G.	Gelsenkirchen	6,500,000	1,385,260	104,640	—	—	31. 7. 27	1,085,086	398,026	687,060	—	—	687,060	520,000	8	167,060	*— 1,301,183*	0	*— 1,301,183*	
.....	Herne	56,000,000	10,285,700	1,099,725	—	—	31. 12. 27	7,301,574	5,036,059	2,265,515	—	269,512	2,535,027	1,920,000 360,000	4 a) 4½ b)	255,027	3,029,512	5 a) 4½ b)	269,512	a) ordinary shares; b) preference shares.
.....	Berlin	20,640,000	7,266,920	3,028,570	—	—	30. 6. 27	4,865,968	2,750,000	2,115,968	—	359,985	2,475,953	2,000,000 22,400	10 a) 7 b)	453,553	2,292,853	10 a) 7 b)	430,453	a) ordinary shares; b) preference shares.
G.	Schwandorf i. Bay.	5,414,400	588,120	—	—	—	31. 12. 27	151,388	159,766	—	8,378	—	*— 8,378*	—	0	*— 8,378*	*— 41,880*	0	*— 41,880*	
A. G.	Dresden	7,000,000	845,033	4,000,000	—	—	30. 6. 27	506,547	400,026	106,521	—	386,463	492,984	420.000	6	72,984	406,803	0	406,803	
.....	Halle a. S.	22,950,000	2,590,000	599,620	—	—	31. 12. 27	2,942,546	1,508,623	1,433,923	—	190,722	1,624,645	1,296,000 81,000	6 a) 6 b)	247,645	1,637,944	6 a) 6 b)	260,944	a) ordinary shares; b) preference shares.
.....	Hamm i. W.	28,500,000	—	2,197,397	—	—	30. 6. 27	2,374,355	3,257,614	—	883,259	*— 2,121,994*	*— 3,005,253*	—	0	*— 3,005,253*	*— 2,121,994*	0	*— 2,121,994*	
ar Bergbau und																				
.....	Nürnberg	80,000,000	12,000,000	—	—	—	30. 6. 27	6,414,032	1,147,495	5,266,537	—	50,908	5,317,445	4,800,000	6	517,445	4,050,908	5	50,908	
.....	Thale a. Harz	8,333,300	40,700	76,350	—	—	31. 12. 27	1,253,156	585,945	667,211	—	104,595	771,806	583,331	7	188,475	465,686	4	132,354	
bau	München	4,825,000	336,285	68,756	—	—	31. 12. 27	515,341	506,369	8,972	—	—	8,972	—	0	8,972	4,952	0	4,952	a) ordinary shares; b) preference shares
helm A. G.	Essen-Borbeck	8,500,000	11,937,405	—	—	—	31. 12. 27	2,082,445	902,635	1,179,810	—	107,222	1,287,032	876,000 204,000	12 a) 17 b)	207,032	1,302,754	12 a) 17 b)	222,754	
ll A. G.	Berlin	19,500,000	2,000,000	5,911,241	—	—	31. 12. 27	1,900,871	878,270	1,022,601	—	77,733	1,100,334	975,000	5	125,334	1,074,400	5	99,400	
.....	Zipsendorf b. Zeitz	8,000,000	325,617	278,625	—	—	31. 12. 27	1,242,884	684,084	588,800	—	5,948	564,748	504,000 2,138	7 a) 2 b)	58,610	564,237	7 a) 2 b)	57,965	
		2,497.201.100	580,325,697	839,070,999	453.925,500	22,696,275	—	370,231,734 *— 764,839*	197,596,488	173,857,720	1,987,313	15,479,749 *— 2,165,008*	189.337,469 *— 4,152,321*	150,163,030	— —	39,174,439 *— 4,152,321*	125,210,925 *— 5,614,298*	—	20,731,421 *— 5,614,298*	

o reserve for various purposes.
r deduction of costs and charges of every kind, including the industrial charge.
welfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
			2,497,201,100	580,325,697	839,070,999	453,925,500	22,696,275	—	370,231,734	197,596,488	173,857,720	1,987,313	15,479,749	189,337,469	150,163,030	—	39,174,439	125,210,925	—	20,731,421	
									— 764,839				— 2,165,008	— 4,152,321			— 4,152,321	— 5,614,298		— 5,614,298	
53	Borsigwerk A. G.	Borsigwerk Biskupitz	17,500,000	347,659	2,770,610	—	—	31. 12. 27	4,417,570	1,873,552	2,544,018	—	— 2,421,055	122,963	—	0	122,963	— 2,421,055	0	— 2,421,055	
54	Grube Leopold A. G.	Cöthen (Anhalt)	17,625,000	1,609,464	8,461,353	—	—	31. 12. 27	924,399	804,566	119,833	—	51,592	171,425	—	0 a)	163,925	62,202	0 a)	54,702	a) ord
															7,500	6 b)			6 b)		
55	Gewerkschaften Salzbergwerk Neu-Staßfurt u. Salzbergwerk Neu-Staßfurt II	Bitterfeld	12,000,000	—	5,911,491	—	—	31. 12. 27	578,306	334,100	244,206	—	46,977	291,183	250,000	b)	41,183	546,977	a)	46,977	a) 250 d) 125
56	Capito & Klein A. G.	Benrath	3,000,000	300,000	—	—	—	30. 6. 27	— 180,042	173,851	—	353,893	— 287,904	— 641,797	—	0	— 641,797	— 287,904	0	— 287,904	
57	Ilseder Hütte A. G.	Gr. Ilsede	64,500,000	6,500,000	30,011,625	—	—	31. 12. 27	7,116,299	2,806,117	4,310,182	—	22,098	4,332,280	4,160,000	6½ a)	165,465	3,990,165	6 a)	143,350	a) ord
															6,815	5 b)			5 b)		
58	A. G. für Kohleverwertung	Essen	25,000,000	—	—	—	—	31. 12. 27	— 724,426	7,418	—	731,844	— 18,932	— 750,776	—	0	— 750,776	— 18,932	0	— 18,932	
59	Stahlwerk Becker A. G.	Willich	6,500,000	3,814,211	—	—	—	30. 6. 27	— 1,751,653	649,330	—	2,400,983	— 2,414,207	— 4,815,190	—	0	— 4,815,190	— 2,414,207	0	— 2,414,207	
60	»Sachtleben« A. G. für Bergbau und chemische Industrie	Köln	12,000,000	2,528,088	—	—	—	31. 12. 27	2,483,725	926,241	1,557,484	—	213,282	1,770,766	1,440,000	12	330,766	1,758,184	12	318,184	
61	Storch & Schöneberg A. G. für Bergbau und Hüttenbetrieb	Kirchen-Sieg	7,320,000	36,700	141,900	—	—	30. 6. 27	656,325	500,000	156,325	—	—	156,325	—	0	156,325	— 703,197	0	— 703,197	
62	Oehringen Bergbau A. G.	Berlin	5,040,000	552,675	103,039	—	—	31. 12. 27	722,048	398,285	323,763	—	5,658	329,421	300,000	6 a)	27,421	271,219	5 a)	19,219	a) ord
															2,000	5 b)			5 b)		
63	Union-Gießerei	Contienen bei Königsberg i. Pr.	4,030,000	182,252	2,500,000	—	—	31. 12. 27	— 371,369	303,622	—	674,991	—	— 674,991	—	0	— 674,991	— 782,232	0	— 782,232	
64	Kölsch-Fölzer Werke A. G.	Siegen	6,386,100	730,000	—	—	—	30. 6. 27	317,105	232,994	84,111	—	18,517	102,628	—	0 a)	102,103	19,042	0 a)	18,517	a) ord
															525	7 b)			7 b)		
65	Concordia Bergbau-A. G.	Oberhausen (Rhld.)	20,000,000	—	13,981,455	—	—	31. 12. 27	2,583,877	1,496,186	1,087,691	—	117,214	1,204,905	1,068,000	6	136,905	117,214	—	117,214	
66	Hochofenwerk Lübeck A. G.	Herrenwyk bei Lübeck	12,300,000	1,230,000	7,051,393	—	—	30. 6. 27	2,643,412	1,345,215	1,298,197	—	177,556	1,475,753	1,200,000	10 a)	257,753	845,556	5 a)	227,556	a) ord
															18,000	6 b)			6 b)		
67	A. G. Peiner Walzwerk	Peine	10,000,000	1,000,000	13,331	—	—	30. 6. 27	1,496,456	1,476,465	19,991	—	1,117	21,108	—	0	21,108	1,117	0	1,117	
68	Mülheimer Bergwerks-Verein	Mülheim/Ruhr	20,000,400	1,780,000	—	—	—	31. 12. 27	1,458,878	—	1,458,878	—	68,404	1,527,282	1,400,028	7	127,254	761,981	7	75,981	
69	Kali-Industrie-A.-G.	Kassel	120,000,000	17,109,451	105,100,322	—	—	31. 12. 27	32,617,562	18,151,945	14,465,617	—	50,007	14,515,624	14,400,000	12 a)	115,624	13,807,095	12 b)	50,007	a) on
70	Adler A. G. für Bergbau	Kupferdreh	7,275,000	—	4,845,294	—	—	31. 12. 27	— 337,781	457,015	—	794,796	—	— 794,796	—	0 a)	— 794,796	409,358	5 a)	31,358	
																0 b)			6 b)		
			2,867,677,600	618,046,197	1,019,962,812	552,697,460	27,634,873	—	428,247,696	229,533,390	201,528,016	6,943,820	16,252,171	215,359,132	174,415,898	6,08	40,943,234	147,801,035	5,43	21,835,903	
									— 4,130,110				— 7,307,106	— 11,829,871			— 11,829,871	— 12,241,825		— 12,241,825	
			2,867,677,600	618,046,197	1,019,962,812	552,697,460	27,634,873	—	424,117,586	229,533,390	201,528,016	6,943,820	8,945,065	203,529,261	174,415,898	6,08	29,113,363	135,559,210	5,43	9,593,778	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

erns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
		2,497,201,100	580,325,697	839,070,999	453,925,500	22,696,275	—	370,231,734 *— 764,839*	197,596,488	173,857,720	1,987,313	15,479,749 *— 2,165,008*	189,337,469 *— 4,152,321*	150,163,030	—	39,174,439 *— 4,152,321*	125,210,925 *— 5,614,298*	—	20,731,421 *— 5,614,298*	
	Borsigwerk Biskupitz	17,500,000	347,659	2,770,610	—	—	31. 12. 27	4,417,570	1,873,552	2,544,018	—	*— 2,421,055*	122,963	—	0	122,963	*— 2,421,055*	0	*— 2,421,055*	
	Cöthen (Anhalt)	17,625,000	1,609,464	8,461,353	—	—	31. 12. 27	924,390	804,566	119,833	—	51,592	171,425	— 7,500	0 a) 6 b)	163,925	62,202	0 a) 6 b)	54,702	a) ordinary shares; b) preference shares.
werk Neu-Staßfurt u. Salz-																				
II	Bitterfeld	12,000,000	—	5,911,491	—	—	31. 12. 27	578,306	334,100	244,206	—	46,977	291,183	250,000	b)	41,183	546,977	a)	46,977	a) 250 *RM* on each share holding. d) 125 *RM* on each share holding.
	Benrath	3,000,000	300,000	—	—	—	30. 6. 27	*— 180,042*	173,851	—	353,893	*— 287,904*	*— 641,797*	—	0	*— 641,797*	*— 287,904*	0	*— 287,904*	
	Gr. Ilsede	64,500,000	6,500,000	30,011,625	—	—	31. 12. 27	7,116,299	2,806,117	4,310,182	—	22,098	4,332,280	4,160,000 6,815	6½ a) 5 b)	165,465	3,990,165	6 a) 5 b)	143,350	a) ordinary shares; b) preference shares.
g	Essen	25,000,000	—	—	—	—	31. 12. 27	*— 724,426*	7,418	—	731,844	*— 18,932*	*— 750,776*	—	0	*— 750,776*	*— 18,932*	0	*— 18,932*	
	Willich	6,500,000	3,814,211	—	—	—	30. 6. 27	*— 1,751,653*	649,330	—	2,400,983	*— 2,414,207*	*— 4,815,190*	—	0	*— 4,815,190*	*— 2,414,207*	0	*— 2,414,207*	
bau und chemische Industrie	Köln	12,000,000	2,528,088	—	—	—	31. 12. 27	2,483,725	926,241	1,557,484	—	213,282	1,770,766	1,440,000	12	330,766	1,758,184	12	318,184	
G. für Bergbau und Hütten-																				
	Kirchen-Sieg	7,320,000	36,700	141,900	—	—	30. 6. 27	656,325	500,000	156,325	—	—	156,325	—	0	156,325	*— 703,197*	0	*— 703,197*	
	Berlin	5,040,000	552,675	103,039	—	—	31. 12. 27	722,048	398,285	323,763	—	5,658	329,421	300,000 2,000	6 a) 5 b)	27,421	271,219	5 a) 5 b)	19,219	a) ordinary shares; b) preference shares.
	Contienen bei Königsberg i. Pr.	4,030,000	182,252	2,500,000	—	—	31. 12. 27	*— 371,369*	303,622	—	674,991	—	*— 674,991*	—	0	*— 674,991*	*— 782,232*	0	*— 782,232*	
	Siegen	6,386,100	730,000	—	—	—	30. 6. 27	317,105	232,994	84,111	—	18,517	102,628	— 525	0 a) 7 b)	102,103	19,042	0 a) 7 b)	18,517	a) ordinary shares; b) preference shares.
	Oberhausen (Rhld.)	20,000,000	—	13,981,455	—	—	31. 12. 27	2,583,877	1,496,186	1,087,691	—	117,214	1,204,905	1,068,000	6	136,905	117,214	—	117,214	
G.	Herrenwyk bei Lübeck	12,300,000	1,230,000	7,051,393	—	—	30. 6. 27	2,643,412	1,345,215	1,298,197	—	177,556	1,475,753	1,200,000 18,000	10 a) 6 b)	257,753	845,556	5 a) 6 b)	227,556	a) ordinary shares; b) preference shares.
	Peine	10,000,000	1,000,000	13,331	—	—	30. 6. 27	1,496,456	1,476,465	19,991	—	1,117	21,108	—	0	21,108	1,117	0	1,117	
rein	Mülheim/Ruhr	20,000,400	1,780,000	—	—	—	31. 12. 27	1,458,878	—	1,458,878	—	68,404	1,527,282	1,400,028	7	127,254	761,981	7	75,981	
	Kassel	120,000,000	17,109,451	105,100,322	—	—	31. 12. 27	32,617,562	18,151,945	14,465,617	—	50,007	14,515,624	14,400,000	12 a)	115,624	13,807,095	12 b)	50,007	a) on 120,000,000 *RM.*; b) on 114,842,400 *RM.*
	Kupferdreh	7,275,000	—	4,845,294	—	—	31. 12. 27	*— 337,781*	457,015	—	794,796	—	*— 794,796*	—	(1 a) 0 b)	*— 794,796*	409,358	5 a) 6 b)	31,358	
		2,867,677,600	618,046,197	1,019,962,812	552,697,460	27,634,873	—	428,247,696 *— 4,130,110*	229,533,390	201,528,016	6,943,820	16,252,171 *— 7,307,106*	215,359,132 *— 11,829,871*	174,415,898	6,08	40,943,234 *— 11,829,871*	147,801,035 *— 12,241,825*	5,43	21,835,603 *— 12,241,825*	
		2,867,677,600	618,046,197	1,019,962,812	552,697,460	27,634,873	—	424,117,586	229,533,390	201,528,016	6,943,820	8,945,065	203,529,261	174,415,898	6,08	29,113,363	135,559,210	5,43	9,593,778	

is placed to reserve for various purposes.
ncern after deduction of costs and charges of every kind, including the industrial charge.
nded for welfare and relief funds, placed to reserve or otherwise employed.

IV. Chemical Industry.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
1	I. G. Farbenindustrie A. G.	Frankfurt a. M.	1,100,000,000	176,254,619	962,132	—	—	31. 12. 27	175,553,942	74,741,809	100,812,133	—	2,396,740	103,208,873	95,595,576	12 a) 0 b)	7,613,297	70,524,000	10 a) 3½ b)	4,377,000	a) ordinary
2	A. G. Georg Egestorff's Salzwerke und Chemische Fabriken	Hannover	4,507,000	450,700	700	—	—	31. 12. 27	544,519	200,000	344,519	—	31,348	375,867	323,964 420	8 a) 6 b)	51,483	365,733	8 a) 6 b)	41,349	a) ordinary
3	Saccharin-Fabrik A. G. vorm. Fahlberg, List & Co.	Magdeburg	10,572,000	1,050,000	3,000,000	—	—	31. 12. 27	1,171,743	427,815	743,928	—	43,788	787,716	750,000 5,760	10 a) 8 b)	31,956	700,440	10 a) 8 b)	43,788	a) ordinary
4	Zellstofffabrik Waldhof	Mannheim	34,675,000	10,486,863	20,266,785	—	—	31. 12. 27	6,589,500	3,153,963	3,435,537	—	297,540	3,733,077	3,018,000* 39,200 109,500 35,400	12 a) 7 b) 6 c) 6 d)	530,977	3,600,725	12 a) 7 b) 6 c) 6 d)	397,539	a) ordinary shares * on 25,150
5	Chemische Werke vorm. H. & E. Albert	Amöneburg a. Rh.	7,542,750	1,554,275	—	—	—	31. 12. 27	470,844	400,857	69,987	—	75,890	145,877	— —	0 a) 0 b)	145,877	528,455	6 a) 6 b)	75,890	a) ordinary
6	F. Thörl's Vereinigte Harburger Oelfabriken A. G.	Harburg a. E.	14,000,000	850,000	—	—	—	31. 12. 27	2,220,012	1,148,147	1,071,865	—	102,560	1,174,425	840,000	6	334,425	1,040,560	6	200,560	
7	Aktiengesellschaft für Chemische Produkte, vormals H. Scheidemandel	Berlin	10,000,000	1,000,000	1,312,845	—	—	30. 9. 27	1,879,372	271,562	1,607,810	—	— *1,104,865*	502,945	—	0	502,945	— *2,439,059*	0	— *2,439,059*	
8	Verein für chemische Industrie A. G.	Frankfurt a. M.	6,507,500	1,324,766	134,390	—	—	31. 12. 27	694,507	150,000	544,507	—	15,394	559,901	455,000 6.0 81,210	7 a) 8 b) 3,5 c)	23,091	291,994	6 a) 8 b) 3 c)	21,394	a) ordinary (Genußs
9	Guano-Werke, Aktiengesellschaft (vorm. Ohlendorff'sche und Merck'sche Werke)	Hamburg	5,605,000	560,500	49,512	—	—	31. 12. 27	541,393	288,770	252,623	—	5,948	258,571	224,000 300	4 a) 6 b)	34,271	212,249	6 a) 6 b)	19,949	a) ordinary
10	Th. Goldschmidt A. G.	Essen	29,300,000	2,930,000	405,524	—	—	31. 12. 27	1,756,774	631,321	1,125,453	—	28,079	1,153,532	1,060,000 18,000	5 a) 6 b)	75,532	1,108,079	5 a) 6 b)	70,079	a) ordinary
11	Chemische Fabrik von Heyden A. G.	Dresden	14,840,000	1,907,703	431,130	—	—	31. 12. 27	1,321,176	496,667	824,509	—	32,277	856,786	736,000 8,400	5 a) 7 b)	112,386	1,584,029	4 a) 7 b)	1,032,277	a) ordinary
12	Schering-Kahlbaum A. G.	Berlin	25,000,000	4,120,509	412,660	—	—	31. 12. 27	4,903,597	1,941,677	2,961,920	—	1,692,499	4,654,419	2,400,000	9,6	2,254,419	2,523,383	0	2,523,383	
13	Kalle & Co. A. G.	Wiesbaden-Biebrich a. Rh.	6,000,000	1,000,000	332,800	—	—	31. 12. 27	549,060	213,786	335,274	—	119,818	455,092	300,000	5	155,092	119,818	0	119,818	
14	Deutsche Solvay-Werke A. G.	Bernburg	75,000,000	4,660,000	2,758,500	—	—	31. 12. 27	—	—	—	—	—	—	—	0	—	—	0	—	
15	»Unione Fabrik chemischer Produkte	Stettin	6,150,000	615,000	6,295	—	—	30. 9. 27	563,604	330,000	233,604	—	78,279	311,883	240,000 9,000	4 a) 6 b)	62,883	327,279	4 a) 6 b)	78,279	a) ordinary
16	Rütgerswerke A. G.	Berlin	80,000,000	8,466,634	—	—	—	31. 12. 27	7,176,548	2,460,438	4,716,110	—	—	4,716,110	4,440,000*	6*	276,110	4,012,684	—	4,012,684†	† This sum from the * on the 7
17	Dynamit A. G. vorm. Alfred Nobel & Co.	Hamburg	37,625,000	7,077,708	—	—	—	31. 12. 27	2,572,132	840,831	1,731,301	—	91,054	1,822,355	1,682,532	6 a) 0 b)	139,823	1,942,724	5 a) 0 b)	122,708	a) ordinary
18	Chemische Fabrik Buckau	Ammendorf	8,500,000	850,000	3,243,504	—	—	31. 12. 27	1,540,900	1,062,239	478,661	—	36,184	514,845	425,000	5	89,845	361,184	5	61,184	
19	Rhenania-Kunheim-Verein Chemischer Fabriken A. G.	Berlin	10,540,000	1,000,000	1,126,325	—	—	31. 12. 27	479,487	516,681	—	37,194	—	— *37,194*	—	0	— *37,194*	— *651,614*	0	— *651,614*	
20	J. D. Riedel A. G.	Berlin	10,010,000	114,277	464,988	—	—	31. 12. 27	200,458	187,561	12,897	—	—	12,897	—	0	12,897	— *1,697,289*	0	— *1,697,289*	
21	Westfälisch-Anhaltische Sprengstoff A. G. Chemische Fabriken in	Berlin	5,000,000	3,000,000	10,391	—	—	31. 12. 27	2,031,580	1,093,824	937,756	—	308,505	1,246,261	600,000	12	646,261	968,057	12	368,057	
22	Fritz Schulz jun. A. G.	Leipzig	4,406,000	50,000	—	—	—	31. 12. 27	273,153	128,300	144,853	—	31,559	176,412	132,000 480	3 a) 8 b)	43,932	38,039	0 a) 8 b)	37,559	a) ordinary
23	A. G. der Chemischen Produkten-Fabriken Pommerensdorf-Milch	Stettin	6,820,000	682,000	161,956	—	—	31. 12. 27	599,862	300,757	299,105	—	24,841	323,946	268,800 4,000	4 a) 4 b)	51,146	168,841	3 a) 0 b)	24,841	a) ordinary
24	Rheinisch-Westfälische Sprengstoff A. G.	Köln	14,160,000	1,564,356	124,871	—	—	31. 12. 27	1,795,626	1,398,829	396,797	—	—	396,797	371,572	4,8	25,225	328,497	4	16,425	
			1,526,760,250	231,569,910	35,205,308	239,210,550	11,919,497	—	215,429,789	92,385,834	123,081,149	37,194	5,412,303 *— 1,104,865*	127,388,587 *— 37,194*	114,174,714	—	13,213,873 *— 37,194*	90,746,770 *— 4,787,962*	—	13,644,763 *— 4,787,962*	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

ncerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
G.	Frankfurt a. M.	1,100,000,000	176,254,619	962,132	—	—	31. 12. 27	175,553,942	74,741,809	100,812,133	—	2,396,740	103,208,873	95,595,576	12 a) 0 b)	7,613,297	70,524,000	10 a) 3½ b)	4,377,000	a) ordinary shares; b) preference shares.
's Salzwerke und Chemische	Hannover	4,507,000	450,700	700	—	—	31. 12. 27	544,519	200,000	344,519	—	31,348	375,867	323,964 420	8 a) 6 b)	51,483	365,733	8 a) 6 b)	41,349	a) ordinary shares; b) preference shares.
vorm. Fahlberg, List & Co.	Magdeburg	10,572,000	1,050,000	3,000,000	—	—	31. 12. 27	1,171,743	427,815	743,928	—	43,788	787,716	750,000 5,760	10 a) 8 b)	31,956	700,440	10 a) 8 b)	43,788	a) ordinary shares; b) preference shares.
	Mannheim	34,675,000	10,486,863	20,266,785	—	—	31. 12. 27	6,589,500	3,153,963	3,435,537	—	297,540	3,733,077	3,018,000 * 39,200 109,500 35,400	12 a) 7 b) 6 c) 6 d)	530,977	3,600,725	12 a) 7 b) 6 c) 6 d)	397,539	a) ordinary shares; b) preference shares A; c) preference shares B; d) bonus shares (Genußscheine). * on 25,150,000 *RM.* only.
. H. & E. Albert	Amöneburg a. Rh.	7,542,750	1,554,275	—	—	—	31. 12. 27	470,844	400,857	69,987	—	75,890	145,877	— —	0 a) 0 b)	145,877	528,455	6 a) 6 b)	75,890	a) ordinary shares; b) preference shares.
arburger Oelfabriken A. G.	Harburg a. E.	14,000,000	850,000	—	—	—	31. 12. 27	2,220,012	1,148,147	1,071,865	—	102,560	1,174,425	840,000	6	334,425	1,040,560	6	200,560	
Chemische Produkte, vormals	Berlin	10,000,000	1,000,000	1,312,845	—	—	30. 9. 27	1,879,372	271,562	1,607,810	—	— *1,104,865*	502,945	—	0	502,945	— *2,439,059*	0	— *2,439,059*	
ndustrie A. G.	Frankfurt a. M.	6,507,500	1,324,766	134,390	—	—	31. 12. 27	694,507	150,000	544,507	—	15,394	559,901	455,000 6.0 81,210	7 a) 8 b) 3,5 c)	23,091	291,994	6 a) 8 b) 3 c)	21,394	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
sellschaft (vorm. Ohlendorff'sche	Hamburg	5,605,000	560,500	49,512	—	—	31. 12. 27	541,393	288,770	252,623	—	5,948	258,571	224,000 300	4 a) 6 b)	34,271	212,249	6 a) 6 b)	19,949	a) ordinary shares; b) preference shares.
	Essen	29,300,000	2,930,000	405,524	—	—	31. 12. 27	1,756,774	631,321	1,125,453	—	28,079	1,153,532	1,060,000 18,000	5 a) 6 b)	75,532	1,108,079	5 a) 6 b)	70,079	a) ordinary shares; b) preference shares
Heyden A. G.	Dresden	14,840,000	1,907,703	431,130	—	—	31. 12. 27	1,321,176	496,667	824,509	—	32,277	856,786	736,000 8,400	5 a) 7 b)	112,386	1,584,029	4 a) 7 b)	1,032,277	a) ordinary shares; b) preference shares.
G.	Berlin	25,000,000	4,120,509	412,660	—	—	31. 12. 27	4,903,597	1,941,677	2,961,920	—	1,692,499	4,654,419	2,400,000	9,6	2,254,419	2,523,383	0	2,523,383	
	Wiesbaden-Biebrich a. Rh.	6,000,000	1,000,000	332,800	—	—	31. 12. 27	549,060	213,786	335,274	—	119,818	455,092	300,000	5	155,092	119,818	0	119,818	
	Bernburg	75,000,000	4,660,000	2,758,500	—	—	31. 12. 27	—	—	—	—	—	—	—	0	—	—	0	—	
A. G.	Stettin	6,150,000	615,000	6,295	—	—	30. 9. 27	563,604	330,000	233,604	—	78,279	311,883	240,000 9,000	4 a) 6 b)	62,883	327,279	4 a) 6 b)	78,279	a) ordinary shares; b) preference shares.
cher Produkte	Berlin	80,000,000	8,466,634	—	—	—	31. 12. 27	7,176,548	2,460,438	4,716,110	—	—	4,716,110	4,440,000 *	6*	276,110	4,012,684	—	4,012,684 †	† This sum, together with a sum of 10,556,409 *RM.* withdrawn from the reserves, was utilised for special amortisation. * on the 74,000,000 RM of paid up capital.
lfred Nobel & Co.	Hamburg	37,625,000	7,077,708	—	—	—	31. 12. 27	2,572,132	840,831	1,731,301	—	91,054	1,822,355	1,682,532	6 a) 0 b)	139,823	1,942,724	5 a) 0 b)	122,708	a) ordinary shares; b) preference shares.
kau	Ammendorf	8,500,000	850,000	3,243,504	—	—	31. 12. 27	1,540,900	1,062,239	478,661	—	36,184	514,845	425,000	5	89,845	361,184	5	61,184	
ein Chemischer Fabriken A. G.	Berlin	10,540,000	1,000,000	1,126,325	—	—	31. 12. 27	479,487	516,681	—	37,194	—	— *37,194*	—	0	— *37,194*	— *651,614*	0	— *651,614*	
	Berlin	10,010,000	114,277	464,988	—	—	31. 12. 27	200,458	187,561	12,897	—	—	12,897	—	0	12,897	— *1,697,289*	0	— *1,697,289*	
Sprengstoff A. G. Chemische	Berlin	5,000,000	3,000,000	10,391	—	—	31. 12. 27	2,031,580	1,093,824	937,756	—	308,505	1,246,261	600,000	12	646,261	968,057	12	368,057	
	Leipzig	4,406,000	50,000	—	—	—	31. 12. 27	273,153	128,300	144,853	—	31,559	176,412	132,000 480	3 a) 8 b)	43,932	38,039	0 a) 8 b)	37,559	a) ordinary shares; b) preference shares.
rodukten-Fabriken Pommerens-	Stettin	6,820,000	682,000	161,956	—	—	31. 12. 27	599,862	300,757	299,105	—	24,841	323,946	268,800 4,000	4 a) 4 b)	51,146	168,841	3 a) 0 b)	24,841	a) ordinary shares; b) preference shares.
Sprengstoff A. G.	Köln	14,160,000	1,564,356	124,871	—	—	31. 12. 27	1,795,626	1,398,829	396,797	—	—	396,797	371,572	4,8	25,225	328,497	4	16,425	
		1,526,760,250	231,569,910	35,205,308	239,210,550	11,919,497	—	215,429,789	92,385,834	123,081,149	37,194	5,412,303 — *1,104,865*	127,388,587 — *37,194*	114,174,714	—	13,213,873 — *37,194*	90,746,770 — *4,787,962*	—	13,644,763 — *4,787,962*	

sums placed to reserve for various purposes.
concern after deduction of costs and charges of every kind, including the industrial charge.
intended for welfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
			1,526,760,250	231,569,910	35,205,308	239,210,550	11,919,497	—	215,429,789	92,385,834	123,081,149	37,194	5,412,303 *— 1,104,865*	127,388,587 *— 37,194*	114,174,714	—	13,213,873 *— 37,194*	90,746,770 *— 4,787,962*	—	13,644,763 *— 4,787,962*	
25	Lingner-Werke A. G.	Dresden	5,040,000	504,000	2,500,970	—	—	31. 12. 27	487,304	132,109	355,195	—	36,156	391,351	352,800	7	38,551	388,956	7	36,156	
26	A. G. Lignose	Berlin	5,000,000	455,434	11,174	—	—	31. 12. 27	616,562	165,000	451,562	—	13,538	465,100	400,000	8	65,100	284,840	5	34,840	
27	Gehe & Co. A. G.	Dresden	4,256,000	760,000	1,219,827	—	—	31. 12. 27	392,469	144,734	247,735	—	11,653	259,388	212,500	5a)	46,528	12,372	0a)	11,652	a) ordinary shares;
															360	6b)			6b)		
28	Robert Bosch A. G.	Stuttgart	30,000,000	8,862,069	23,035,772	—	—	31. 12. 27	1,572,373	—	1,572,373	—	—	1,572,373	—	0	1,572,373	—	0	—	
29	Vereinigte Ultramarinfabriken A. G. vormals Leverkus, Zeltner & Consorten	Köln	5,460,000	539,829	—	—	—	30. 6. 27	814,487	188,250	626,237	—	45,027	671,264	540,000	10a)	127,664	592,684	9a)	103,084	a) ordinary shares;
															3,600	6b)			6b)		
30	Hageda, Handelsgesellschaft Deutscher Apotheker A. G. in	Berlin	6,010,000	484,516	127,300	—	—	31. 12. 27	881,128	184,778	696,350	—	119,716	816,066	600,000	10a)	215,466	557,318	8a)	160,838	a) ordinary shares;
															600	6b)			6b)		
			1,582,526,250	243,175,758	62,100,351	251,092,380	12,554,619	—	220,194,112	93,200,705	127,030,601	37,194	5,638,393 *— 1,104,865*	131,564,129 *— 37,194*	116,284,574	7,35	15,279,555 *— 37,194*	92,582,940 *— 4,787,962*	4,96	13,991,333 *— 4,787,962*	
			1,582,526,250	243,175,758	62,100,351	251,092,380	12,554,619	—	220,194,112	93,200,705	127,030,601	37,194	4,533,528	131,526,935	116,284,574	7,35	15,242,361	87,794,978	4,96	9,203,371	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
		1,526,760,250	231,569,910	35,205,308	239,210,550	11,919,497	—	215,429,789	92,385,834	123,081,149	37,194	5,412,303 *— 1,104,865*	127,388,587 *— 37,194*	114,174,714	—	13,213,874 *— 37,194*	90,746,770 *— 4,787,962*	—	13,644,763 *— 4,787,962*	
	Dresden	5,040,000	504,000	2,500,970	—	—	31. 12. 27	487,304	132,109	355,195	—	36,156	391,351	352,800	7	38,551	388,956	7	36,156	
	Berlin	5,000,000	455,434	11,174	—	—	31. 12. 27	616,562	165,000	451,562	—	13,538	465,100	400,000	8	65,100	284,840	5	34,840	
	Dresden	4,256,000	760,000	1,219,827	—	—	31. 12. 27	392,469	144,734	247,735	—	11,653	259,388	212,500 360	5a) 6b)	46,528	12,372	0a) 6b)	11,652	a) ordinary shares; b) preference shares.
	Stuttgart	30,000,000	8,862,069	23,035,772	—	—	31. 12. 27	1,572,373	—	1,572,373	—	—	1,572,373	—	0	1,572,373	—	0	—	
rmals Leverkus,	Köln	5,460,000	539,829	—	—	—	30. 6. 27	814,487	188,250	626,237	—	45,027	671,264	540,000 3,600	10a) 6b)	127,664	592,684	9a) 6b)	103,084	a) ordinary shares; b) preference shares.
Apotheker A. G.	Berlin	6,010,000	484,516	127,300	—	—	31. 12. 27	881,128	184,778	696,350	—	119,716	816,066	600,000 600	10a) 6b)	215,466	557,318	8a) 6b)	160,838	a) ordinary shares; b) preference shares.
		1,582,526,250	243,175,758	62,100,351	251,092,380	12,554,619	—	220,194,112	93,200,705	127,030,601	37,194	5,638,393 *— 1,104,865*	131,564,129 *— 37,194*	116,284,574	7,35	15,279,555 *— 37,194*	92,582,940 *— 4,787,962*	4,96	13,991,333 *— 4,787,962*	
		1,582,526,250	243,175,758	62,100,351	251,092,380	12,554,619	—	220,194,112	93,200,705	127,030,601	37,194	4,533,528	131,526,935	116,284,574	7,35	15,242,361	87,794,978	4,96	9,203,371	

reserve for various purposes.
duction of costs and charges of every kind, including the industrial charge.
e and relief funds, placed to reserve or otherwise employed.

V. Electrical Industry.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
1	Siemens-Schuckertwerke G. m. b. H.	Berlin	120,000,000	20,000,000	52,658,841	—	—	30. 9. 27	16,210,907	1,430,534	14,780,373	—	—	14,780,373	10,800,000	9	3,980,373	12,175,701	8½	4,525,701	
2	Siemens u. Halske A. G.	Berlin	97,500,000	32,500,000	51,030,812	—	—	30. 9. 27	17,149,641	748,396	16,401,245	—	2,450,004	18,851,249	10,920,000	12	7,931,249	15,348,514	10	6,248,514	
3	Vereinigte Elektrizitätswerke Westfalen G. m. b. H. ..	Dortmund-Bochum-Münster	42,000,000	55,300,000	68,508,992	—	—	31. 12. 27	14,517,437	7,755,475	6,761,962	—	42,757	6,804,719	2,940,000	7	3,864,719*)	5,058,837	6	2,578,837*)	*) a part o
4	Allgemeine Elektrizitäts-Ges.	Berlin	186,250,000	22,120,000	89,264,738	—	—	30. 9. 27	17,305,079	5,419,079	11,886,000	—	465,011	12,351,011	9,525,000 1,050,000 937,500 153,200d)	8a) 6b) 5c)	685,311	10,760,836	7a) 6b) 5c)	600,361	a) ordinar shares
5	Elektrizitätswerk Südwest A. G.	Berlin-Schöneberg	40,000,000	5,310,817	1,320,250	—	—	31. 12. 27	5,176,277	1,655,031	3,521,246	—	72,417	3,593,663	3,150,000*) 21,593b)	9a)	422,070	3,111,907	9a) 6b)	390,513	a) ordinar *) on 10,00
6	Bayerische Elektricitäts-Lieferungs-Gesellschaft A. G.	Bayreuth	15,000,000	2,384,855	417,450	—	—	31. 12. 27	1,446,991	463,153	983,838	—	32,351	1,016,189	889,000 2,638b)	7a)	124,551	713,977	6	89,977	a) ordinar
7	Sächsische Elektricitäts-Lieferungs-Gesellschaft A. G.	Siegmar	26,000,000	14,355,000	7,001,925	—	—	31. 12. 27	4,522,923	2,325,890	2,197,033	—	7,163	2,204,196	2,080,000	8	124,196	2,202,719	8	122,719	
8	Elektrizitätswerk Schlesien A. G.	Breslau	30,300,000	5,706,108	15,960,000	—	—	31. 12. 27	4,135,257	1,500,000	2,635,257	—	92,031	2,727,288	2,400,000 18,000	8a) 8b)	309,288	3,025,636	10a) 6b)	382,636	a) ordinar
9	Elektrizitäts-Lieferungs-Gesellschaft	Berlin	30,040,000	7,086,131	3,681,300	—	—	31. 12. 27	4,114,721	929,596	3,185,125	—	46,602	3,231,727	3,000,000 2,400 76,191	10a) 6b) 6c)	153,136	2,301,252	10a) 6b) 6c)	227,554	a) ordinar (Genuß
10	Kraftübertragungswerke Rheinfelden	Rheinfelden	12,000,000	5,981,828	11,745,000	—	—	31. 12. 27	2,193,028	800,000	1,393,028	—	58,512	1,451,540	1,200,000	10	251,540	1,445,359	10	245,359	
11	Elektra Aktiengesellschaft	Dresden	15,000,000	3,500,000	—	—	—	31. 12. 27	1,833,811	—	1,833,811	—	75,627	1,909,438	1,800,000	12	109,438	1,385,628	12	185,628	
12	Bergmann Elektricitäts-Werke A. G.	Berlin	44,000,000	7,550,000	2,251,424	—	—	31. 12. 27	4,948,252	987,333	3,960,919	—	515,599	4,476,518	3,960,000	9	516,518	3,155,599	8	515,599	
13	Fraenkisches Ueberlandwerk Aktiengesellschaft	Nuernberg	7,205,000	7,573,696	—	—	—	31. 12. 27	847,114	326,583	520,531	—	16,781	537,312	504,000 300	7a) 6b)	33,012	532,374	7a) 6b)	28,074	a) ordinar
14	A. G. Mix & Genest Telephon- und Telegraphen-Werke	Berlin	9,610,000	1,046,382	3,708,832	—	—	31. 12. 27	1,240,683	455,970	784,713	—	20,454	805,167	742,500 5,700	9a) 6b)	56,967	674,900	9a) 6b)	52,088	a) ordinar
15	A. G. Sächsische Werke	Dresden	100,000,000	66,200,000	127,055,672	—	—	31. 12. 27	4,218,794	539,077	3,679,717	—	106,880	3,786,597	2,000,000 1,000,000	10a) 5b) 0e)	786,597	2,806,880	10a) 0b) 0e)	806,880	a) ordinar c) ordinar
16	Sachsenwerk, Licht- u. Kraft A. G.	Niedersedlitz	11,750,000	3,000,000	1,201,089	—	—	31. 12. 27	1,753,561	683,650	1,069,911	—	84,330	1,154,241	602,000 10,500 292,500	7a) 7b) 9¾c)	249,241	754,659	6a) 7b) 6½c)	165,759	a) ordinar c) preferr
17	Lech-Elektrizitätswerke A. G.	Augsburg	40,532,400	14,560,981	9,589,720	—	—	31. 12. 27	5,015,748	1,591,512	3,424,236	—	21,515	3,445,751	3,240,000 1,914	8a) 6b)	203,807	3,462,140	8a) 6b)	220,196	a) ordinar
18	Neckarwerke A. G.	Eßlingen	15,000,000	5,032,715	8,560,174	—	—	31. 12. 27	2,727,437	1,200,000	1,527,437	—	122,133	1,649,570	1,350,000	9	299,570	1,630,799	9	280,799	
19	Großkraftwerke Franken A. G.	Nürnberg	7,313,000	863,061	1,322,517	—	—	31. 12. 27	1,516,270	820,084	696,186	—	16,680	712,866	630,000 18,780	9a) 6b)	64,086	719,854	9a) 6b)	71,074	a) ordinar
20	Main Kraftwerke A. G.	Höchst a. M.	22,428,000	5,643,000	7,941,900	—	—	31. 12. 27	2,726,398	830,529	1,895,869	—	12,940	1,908,809	1,792,000 1,680 —	8a) 6b)	115,129	1,801,498	8a) 6b) 4c)	107,852	a) ordinar (Genuß
21	Kommunales Elektrizitätswerk Mark A. G.	Hagen i. W.	12,000,000	1,200,000	16,637,189	—	—	31. 12. 27	3,788,486	2,864,929	923,557	—	2,434	925,991	923,200	8*)	2,791	2,434	0	2,434	*) on 11,5
22	Rheinisch-Westfälisches Elektrizitätswerk A. G.	Essen	140,000,000	30,395,125	104,918,520	—	—	30. 12. 27	28,594,922	14,927,037	13,667,885	—	15,761	13,683,646	12,204,000 660,000	9a) 15b)	819,646	12,035,290	8a) 12b)	659,290	a) bearer
			1,023,928,400	317,309,699	584,776,345	143,847,980	7,192,399	—	145,983,737	48,253,858	97,729,879	—	4,277,982	102,007,861	80,904,626	—	21,103,235	85,106,793	—	18,507,644	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

V. Electrical Industry.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
.....	Berlin	120,000,000	20,000,000	52,658,841	—	—	30. 9. 27	16,210,907	1,430,534	14,780,373	—	—	14,780,373	10,800,000	9	3,980,373	12,175,701	8½	4,525,701	
.....	Berlin	97,500,000	32,500,000	51,030,812	—	—	30. 9. 27	17,149,641	748,396	16,401,245	—	2,450,004	18,851,249	10,920,000	12	7,931,249	15,348,514	10	6,248,514	
m. b. H. ..	Dortmund-Bochum-Münster	42,000,000	55,300,000	68,508,992	—	—	31. 12. 27	14,517,437	7,755,475	6,761,962	—	42,757	6,804,719	2,940,000	7	3,864,719 *)	5,058,837	6	2,578,837 *)	* a part of which has to be assigned to the communes.
.....	Berlin	186,250,000	22,120,000	89,264,738	—	—	30. 9. 27	17,305,079	5,419,079	11,886,000	—	465,011	12,351,011	9,525,000 1,050,000 937,500 153,200 d)	8 a) 6 b) 5 c)	685,311	10,760,836	7 a) 6 b) 5 c)	600,361	a) ordinary shares; b) preference shares A; c) preference shares B; d) bonus shares (Genußscheine).
.....	Berlin-Schöneberg	40,000,000	5,310,817	1,320,250	—	—	31. 12. 27	5,176,277	1,655,031	3,521,246	—	72,417	3,593,663	3,150,000 *) 21,593 b)	9 a)	422,070	3,111,907	9 a) 6 b)	390,313	a) ordinary shares; b) bonus shares (Genußscheine). * on 10,000,000 *RM.* only 4½ per cent.
haft A. G..	Bayreuth	15,000,000	2,384,855	417,450	—	—	31. 12. 27	1,446,991	463,153	983,838	—	32,351	1,016,189	889,000 2,638 b)	7 a)	124,551	713,977	6	89,977	a) ordinary shares; b) bonus shares (Genußscheine).
haft A. G..	Siegmar	26,000,000	14,355,000	7,001,925	—	—	31. 12. 27	4,522,923	2,325,890	2,197,033	—	7,163	2,204,196	2,080,000	8	124,196	2,202,719	8	122,719	
.....	Breslau	30,300,000	5,706,108	15,960,000	—	—	31. 12. 27	4,135,257	1,500,000	2,635,257	—	92,031	2,727,288	2,400,000 18,000	8 a) 8 b)	309,288	3,025,636	10 a) 6 b)	382,636	a) ordinary shares; b) preference shares.
.....	Berlin	30,040,000	7,086,131	3,681,300	—	—	31. 12. 27	4,114,721	929,596	3,185,125	—	46,602	3,231,727	3,000,000 2,400 76,191	10 a) 6 b) 6 c)	153,136	2,301,252	10 a) 6 b) 6 c)	227,554	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
.....	Rheinfelden	12,000,000	5,981,828	11,745,000	—	—	31. 12. 27	2,193,028	800,000	1,393,028	—	58,512	1,451,540	1,200,000	10	251,540	1,445,359	10	245,359	
.....	Dresden	15,000,000	3,500,000	—	—	—	31. 12. 27	1,833,811	—	1,833,811	—	75,627	1,909,438	1,800,000	12	109,438	1,385,628	12	185,628	
.....	Berlin	44,000,000	7,550,000	2,251,424	—	—	31. 12. 27	4,948,252	987,333	3,960,919	—	515,599	4,476,518	3,960,000	9	516,518	3,155,599	8	515,599	
schaft	Nuernberg	7,205,000	7,573,696	—	—	—	31. 12. 27	847,114	326,583	520,531	—	16,781	537,312	504,000 300	7 a) 6 b)	33,012	532,374	7 a) 6 b)	28,074	a) ordinary shares; b) preference shares.
hen-Werke	Berlin	9,610,000	1,046,382	3,708,832	—	—	31. 12. 27	1,240,683	455,970	784,713	—	20,454	805,167	742,500 5,700	9 a) 6 b)	56,967	674,900	9 a) 6 b)	52,088	a) ordinary shares; b) preference shares.
.....	Dresden	100,000,000	66,200,000	127,055,672	—	—	31. 12. 27	4,218,794	539,077	3,679,717	—	106,880	3,786,597	2,000,000 1,000,000	10 a) 5 b) 0 c)	786,597	2,806,880	10 a) 0 b) 0 e)	806,880	a) ordinary shares A; b) ordinary shares B; c) ordinary shares C.
.....	Niedersedlitz	11,750,000	3,000,000	1,201,089	—	—	31. 12. 27	1,753,561	683,650	1,069,911	—	84,330	1,154,241	602,000 10,500 292,500	7 a) 7 b) 9¾ c)	249,241	754,659	6 a) 7 b) 6½ c)	165,759	a) ordinary shares; b) preference shares A; c) preference shares B.
.....	Augsburg	40,532,400	14,560,981	9,589,720	—	—	31. 12. 27	5,015,748	1,591,512	3,424,236	—	21,515	3,445,751	3,240,000 1,944	8 a) 6 b)	203,807	3,462,140	8 a) 6 b)	220,196	a) ordinary shares; b) preference shares.
.....	Eßlingen	15,000,000	5,032,715	8,560,174	—	—	31. 12. 27	2,727,437	1,200,000	1,527,437	—	122,133	1,649,570	1,350,000	9	299,570	1,630,799	9	280,799	
.....	Nürnberg	7,313,000	863,061	1,322,517	—	—	31. 12. 27	1,516,270	820,084	696,186	—	16,680	712,866	630,000 18,780	9 a) 6 b)	64,086	719,854	9 a) 6 b)	71,074	a) ordinary shares; b) preference shares.
.....	Höchst a. M.	22,428,000	5,643,000	7,941,900	—	—	31. 12. 27	2,726,398	830,529	1,895,869	—	12,940	1,908,809	1,792,000 1,680 —	8 a) 6 b) 4 c)	115,129	1,801,498	8 a) 6 b) 0	107,852	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine). * on 11,540,000 *RM.*
.....	Hagen i. W.	12,000,000	1,200,000	16,637,189	—	—	31. 12. 27	3,788,486	2,864,929	923,557	—	2,434	925,991	923,200	8 *)	2,791	2,434	2,434		
A. G.	Essen	140,000,000	30,395,125	104,918,520	—	—	30. 12. 27	28,594,922	14,927,037	13,667,885	—	15,761	13,683,646	12,204,000 660,000	9 a) 15 b)	819,646	12,035,290	8 a) 12 b)	659,290	a) bearer shares; b) registered shares.
		1,023,928,400	317,309,699	584,776,345	143,847,980	7,192,399	—	145,983,737	48,253,858	97,729,879	—	4,277,982	102,007,861	80,904,626	—	21,103,235	85,106,793	—	18,507,644	

erve for various purposes.
uction of costs and charges of every kind, including the industrial charge.
e and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927											Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
			1,023,928,400	317,309,699	584,776,345	143,847,980	7,192,399	—	145,983,737	48,253,858	97,729,879	—	4,277,982	102,007,861	80,904,626	—	21,103,235	85,106,793	—	18,507,644	
23	Hamburgische Elektrizitäts-Werke A. G.	Hamburg	66,008,536	11,761,500	37,753,937	—	—	30. 6. 27	18,014,603	5,500,000	12,514,603	—	166,470	12,681,073	6,600,000	10a)	6,080,220*	12,037,613	10a)	5,436,760*	a) ordinary * a part of
24	Elektrizitäts-Actien-Gesellschaft vorm. W. Lahmeyer & Co.	Frankfurt a. M.	18,010,000	1,801,000	705,688	—	—	30. 6. 27	1,964,869	43,071	1,921,798	—	89,320	2,011,118	853	10b)			10b)		
															1,800,000	10a)			9a)		a) ordinary (Genußsc
															600	6b)	210,518	1,878,482	6b)	196,425	
																			6c)		
25	Landkraftwerke Leipzig A. G.	Kulkwitz	16,020,000	3,184,513	9,281,915	—	—	30. 6. 27	1,892,611	881,852	1,010,759	—	3,567	1,014,326	960,000	6a)	52,326	1,016,567	6a)	54,567	a) ordinary
26	Deutsche Kabelwerke A. G.	Berlin	10,160,000	723,973	3,373,020	—	—	31. 12. 27	484,125	483,721	404	—	30,217	30,621	2,000	10b)			10b)		
27	Hackethal-Draht- u. Kabel-Werke A. G.	Hannover	9,200,000	1,000,000	—	—	—	31. 12. 27	1,055,111	490,480	564,631	—	32,106	596,737	—	0a)	30,621	381,524	6a)	71,924	a) ordinary
28	Voigt u. Haeffner A. G.	Frankfurt a. M.	10,200,000	1,497,359	6,258,199	—	—	31. 12. 27	1,229,993	549,223	680,770	—	50,160	730,930	—	0b)			6b)		
															552,000	6	44,737	32,106	0	32,106	
29	C. Lorenz A. G. Telephon- u. Telegraphen-Werke Eisenbahnsignal-Bauanstalt	Berlin	6,270,000	627,000	4,252,975	—	—	31. 12. 27	797,758	410,089	387,669	—	31,386	419,055	600,000	8a)	116,930	521,160	6a)	90,160	a) ordinary
															14,000	7b)			7b)		
30	Schlesische Elektricitäts- und Gas A. G.	Breslau	32,041,666	2,530,424	710,847	—	—	31. 12. 27	5,288,946	1,552,567	3,736,379	—	58,810	3,795,189	360,000	6a)	59,055	418,490	6a)	42,290	a) ordinary
31	Pfalzwerke A. G.	Ludwigshafen a. Rh.	9,000,000	14,077,627	7,276,889	—	—	31. 12. 27	1,851,512	1,125,221	726,291	—	25,159	751,450	3,204,167	0b)	591,022	3,031,837	6b)	531,837	
32	Accumulatoren-Fabrik A. G.	Berlin	20,000,000	5,910,313	341,791	—	—	31. 12. 27	3,288,537	1,420,258	1,868,279	—	311,510	2,179,789	720,000	10	31,450	745,159	10	25,159	
33	Rheinische Elektrizitäts-A. G.	Mannheim	14,036,000	4,062,800	4,843,520	—	—	31. 12. 27	1,645,612	405,416	1,240,196	—	163,414	1,403,610	1,600,000	8	579,789	1,991,510	8	391,510	
34	Nordwestdeutsche Kraftwerke A. G.	Hamburg	8,600,000	7,146,824	16,760,055	—	—	30. 9. 27	2,208,352	1,496,548	711,804	—	28,075	739,879	1,125,000	8	1,175,499	1,609,816	8	1,049,816	
35	Elektrizitätswerk Sachsen-Anhalt A. G.	Halle (Saale)	8,000,000	6,099,750	2,204,490	—	—	31. 12. 27	1,955,345	147,065	1,808,280	—	7,219	1,815,499	640,000	9a)	187,410	1,379,613	9a)	163,413	a) ordinary
36	Amperwerke Elektricitäts A. G.	München	14,006,000	2,960,248	4,965,042	—	—	30. 6. 27	1,091,052	—	1,091,052	—	51,186	1,142,238	91,200	6b)			6b)		
															344,000	4	395,879	703,775	4	359,775	
37	Kraftwerk Altwürttemberg A. G.	Beihingen	8,400,000	3,482,473	—	—	—	31. 12. 27	838,627	221,016	617,611	—	7,461	625,072	980,000	7a)	161,878	1,132,761	7a)	152,401	a) ordinary
38	Stettiner Elektricitäts-Werke A. G.	Stettin	5,000,000	563,661	2,868,973	—	—	30. 6. 27	981,264	389,446	591,818	—	20,000	611,818	360	6b)			6b)		
39	Pöge Elektricitäts-A.-G.	Chemnitz	6,006,000	936,000	503,295	—	—	30. 6. 27	548,998	269,112	279,886	—	12,797	292,683	588,000	7	37,072	626,522	7	38,522	
															600,000	12	11,818	520,000	10	20,000	
															192,000	6a)			6a)		a) old shar
															70,500	3b)	11,823	217,517		12,797	
															18,360	6c)			12c)		
40	A. G. für Gas und Elektrizität Köln	Dortmund	6,000,000	597,000	446,338	—	—	31. 12. 27	448,700	170,000	278,700	—	48,174	326,874	270,000	6a)	56,874	318,174	6	48,174	a) on the
			1,290,886,602	386,272,164	687,323,319	180,787,360	9,039,368	—	191,569,752	63,808,943	127,760,809	—	5,415,013	133,175,822	102,237,666	7.92	30,938,156	113,669,419	7.36	27,225,280	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
		1,023,928,400	317,309,699	584,776,345	143,847,980	7,192,399	—	145,983,737	48,253,858	97,729,879	—	4,277,982	102,007,861	80,904,626	—	21,103,235	85,106,793	—	18,507,644	
.....	Hamburg	66,008,536	11,761,500	37,753,937	—	—	30. 6. 27	18,014,603	5,500,000	12,514,603	—	166,470	12,681,073	6,600,000 853	10a) 10b)	6,080,220*	12,037,613	10a) 10b)	5,436,760*	a) ordinary shares; b) preference shares. * a part of which has to be assigned to the City of Hamburg.
. Lahmeyer																				
.....	Frankfurt a. M.	18,010,000	1,801,000	705,688	—	—	30. 6. 27	1,964,869	43,071	1,921,798	—	89,320	2,011,118	1,800,000 600	10a) 6b) 6c)	210,518	1,878,482	9a) 6b) 6c)	196,425	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
.....	Kulkwitz	16,020,000	3,184,513	9,281,915	—	—	30. 6. 27	1,892,611	881,852	1,010,759	—	3,567	1,014,326	960,000 2,000	6a) 10b)	52,326	1,016,567	6a) 10b)	54,567	a) ordinary shares; b) preference shares.
.....	Berlin	10,160,000	723,973	3,373,020	—	—	31. 12. 27	484,125	483,721	404	—	30,217	30,621	— —	0a) 0b)	30,621	381,524	6a) 6b)	71,924	a) ordinary shares; b) preference shares.
.....	Hannover	9,200,000	1,000,000	—	—	—	31. 12. 27	1,055,111	490,480	564,631	—	32,106	596,737	552,000	6	44,737	32,106	0	32,106	
.....	Frankfurt a. M.	10,200,000	1,497,359	6,258,199	—	—	31. 12. 27	1,229,993	549,223	680,770	—	50,160	730,930	600,000 14,000	8a) 7b)	116,930	521,160	6a) 7b)	90,160	a) ordinary shares; b) preference shares.
phen-Werke																				
.....	Berlin	6,270,000	627,000	4,252,975	—	—	31. 12. 27	797,758	410,089	387,669	—	31,386	419,055	360,000	6a) 0b)	59,055	418,490	6a) 6b)	42,290	a) ordinary shares; b) preference shares.
.....	Breslau	32,041,666	2,530,424	710,847	—	—	31. 12. 27	5,288,946	1,552,567	3,736,379	—	58,810	3,795,189	3,204,167	10	591,022	3,031,837	10	531,837	
.....	Ludwigshafen a. Rh.	9,000,000	14,077,627	7,276,889	—	—	31. 12. 27	1,851,512	1,125,221	726,291	—	25,159	751,450	720,000	8	31,450	745,159	8	25,159	
.....	Berlin	20,000,000	5,910,313	341,791	—	—	31. 12. 27	3,288,537	1,420,258	1,868,279	—	311,510	2,179,789	1,600,000	8	579,789	1,991,510	8	391,510	
.....	Mannheim	14,036,000	4,062,800	4,843,520	—	—	31. 12. 27	1,645,612	405,416	1,240,196	—	163,414	1,403,610	1,125,000 91,200	9a) 6b)	187,410	1,379,613	9a) 6b)	163,413	a) ordinary shares; b) preference shares.
.....	Hamburg	8,600,000	7,146,824	16,760,055	—	—	30. 9. 27	2,208,352	1,496,548	711,804	—	28,075	739,879	344,000	4	395,879	703,775	4	359,775	
.....	Halle (Saale)	8,000,000	6,099,750	2,204,490	—	—	31. 12. 27	1,955,345	147,065	1,808,280	—	7,219	1,815,499	640,000	8	1,175,499	1,609,816	8	1,049,816	
.....	München	14,006,000	2,960,248	4,965,042	—	—	30. 6. 27	1,091,052	—	1,091,052	—	51,186	1,142,238	980,000 360	7a) 6b)	161,878	1,132,761	7a) 6b)	152,401	a) ordinary shares; b) preference shares.
.....	Beihingen	8,400,000	3,482,473	—	—	—	31. 12. 27	838,627	221,016	617,611	—	7,461	625,072	588,000	7	37,072	626,522	7	38,522	
.....	Stettin	5,000,000	563,661	2,868,973	—	—	30. 6. 27	981,264	389,446	591,818	—	20,000	611,818	600,000	12	11,818	520,000	10	20,000	
.....	Chemnitz	6,006,000	936,000	503,295	—	—	30. 6. 27	548,998	269,112	279,886	—	12,797	292,683	192,000 70,500 18,360	6a) 3b) 6c)	11,823	217,517	6a) 12c)	12,797	a) old shares; b) new shares; c) preference shares.
.....	Dortmund	6,000,000	597,000	446,338	—	—	31. 12. 27	448,700	170,000	278,700	—	48,174	326,874	270,000	6a)	56,874	318,174	6	48,174	a) on the 4 500 000 *RM.* of old shares.
		1,290,886,602	386,272,164	687,323,319	180,787,360	9,039,368	—	191,569,752	63,808,943	127,760,809	—	5,415,013	133,175,822	102,237,666	7.92	30,938,156	113,669,419	7.36	27,225,280	

eserve for various purposes.
eduction of costs and charges of every kind, including the industrial charge.
are and relief funds, placed to reserve or otherwise employed.

VI. Machinery and Metals Industry.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			Obs
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
1	Ludwig Loewe & Co. A. G.	Berlin	15,000,000	1,500,000	704,016	—	—	31. 12. 27	2,663,476	1,135,527	1,527,949	—	321,724	1,849,673	1,500,000	10a) 0b)	349,673	1,849,837	10a) 0b)	349,837	a) ordinary shares; b)
2	National-Automobil-Gesellschaft, A. G.	Berlin	12,000,000	1,855,286	5,196,500	—	—	31. 12. 27	965,165	659,921	305,244	—	146,714	451,958	—	0	451,958	828,179	6	228,179	
3	Gebr. Körting A. G.	Hannover-Linden	7,900,000	69,640	4,852,000	—	—	31. 12. 27	624,687	359,765	264,922	—	176,724	441,646	234,000 24,000	4a) 6b) 0c)	183,646	210,864	0a) 6b) 0c)	186,864	a) ordinary shares; b) (Genußscheine).
4	A. G. vorm. Seidel & Naumann	Dresden	6,072,000	650,000	152,467	—	—	31. 12. 27	1,133,842	825,621	308,221	—	140,654	448,875	— 8,640*	— 6b)	440,235	194,654	0a) 0b)	194,654	a) ordinary shares; b) * for 1927 and 1926.
5	Bayerische Motorenwerke A. G.	München	10,000,000	917,709	—	—	—	31. 12. 27	2,761,869	925,899	1,835,970	—	75,956	1,911,926	1,400,000	14	511,926	725,956	12	125,956	
6	Felten & Guilleaume Carlswerk A. G.	Köln-Mülheim	60,000,000	3,590,194	20,473,693	—	—	31. 12. 27	5,667,458	1,813,026	3,854,432	—	257,164	4,111,596	3,600,000	6	511,596	4,102,863	6a)	502,863	a) 4 per cent dividend;
7	Schubert & Salzer Maschinenfabrik Aktiengesellschaft	Chemnitz	7,018,000	3,351,374	—	—	—	31. 12. 27	4,839,281	1,753,759	3,085,522	—	424,670	3,510,192	1,120,000 1,260 1,120,000	16a) 7b) 16c)	1,268,932	3,128,556	15a) 7b) 15c)	1,027,296	a) ordinary shares; b) (Genußscheine).
8	Atlas-Werke A. G.	Bremen	5,440,000	922,500	417,500	—	—	31. 12. 27	329,499	400,000	—	70,501	2,847	— 67,654	—	0a) 0b)	— 67,654	15,247	0a) 6b)	12,847	a) ordinary shares; b)
9	Gesellschaft für Lindes Eismaschinen A. G.	Wiesbaden	16,643,000	3,703,069	719,732	—	—	31. 12. 27	4,321,663	1,941,960	2,379,703	—	167,135	2,546,838	1,980,000 6,105	12a) 6b)	560,733	1,989,642	10a) 6b)	383,537	a) bearer shares; b) r
10	Waggon- und Maschinenfabrik A. G. vorm. Busch	Bautzen	7,000,000	550,000	—	—	—	30. 9. 27	376,037	326,346	49,691	—	44,110	93,801	— 420	0a) 6b)	93,381	69,815	0a) 6b)	68,975	a) ordinary shares; b)
11	Maschinenfabrik Gritzner A. G.	Durlach	6,305,000	1,100,000	314,328	—	—	31. 12. 27	1,082,866	301,015	781,851	—	259,139	1,040,990	693,000 300 1,266	11a) 6b) 6b)	346,424	757,095	7a) 6b) 2c)	315,352	a) ordinary shares; b) (Genußscheine).
12	Brown, Boveri & Co. A. G.	Mannheim	15,000,000	1,800,000	852,660	—	—	31. 12. 27	3,024,709	1,584,515	1,440,194	—	26,348	1,466,542	1,350,000 11,388	9a) 6c)	105,154	1,028,358	8a) 6b) 4c)	634,766	a) ordinary shares; b) (Genußscheine).
13	Daimler-Benz A. G.	Berlin	50,360,000	9,750,000	21,160,480	— —	— —	31. 12. 27	4,747,641	4,364,225	383,416	—	478,227	861,643	—	0	861,643	478,227	0	478,227	
14	Dürkoppwerke A. G.	Bielefeld	7,055,000	945,000	169,563	—	—	31. 12. 27	584,600	363,213	221,387	—	23,585	244,972	— 63,300	0a) 6b)	181,672	86,885	0a) 6b)	23,585	a) ordinary shares; b)
15	Hugo Schneider A. G.	Leipzig	6,000,000	1,007,000	—	—	—	31. 12. 27	902,878	419,255	483,623	—	71,863	555,486	480,000	8	75,486	465,974	6	165,974	
16	Waggon-Fabrik A. G.	Uerdingen (Rh.)	3,635,000	725,000	33,860	—	—	30. 9. 27	530,672	299,905	230,767	—	7,733	238,500	216,000 1,750	6a) 5b)	20,750	189,483	5a) 5b)	7,733	a) ordinary shares; b)
17	Vereinigte Deutsche Nickelwerke A. G., vorm. Westfälisches Nickelwalzwerk Fleitmann, Witte & Co.	Schwerte	10,850,000	1,385,000	—	—	—	30. 9. 27	2,499,579	781,228	1,718,351	—	131,674	1,850,025	1,155,000 21,000	11a) 6b)	674,025	1,272,674	10a) 6b)	201,674	a) ordinary shares; b)
18	C. J. Vogel Draht- u. Kabelfabrik A. G.	Berlin	8,320,000	1,340,000	37,737	—	—	30. 9. 27	882,477	423,271	459,206	—	253,709	712,915	492,000 7,200	6a) 6b)	213,715	692,340	6a) 6b)	193,140	a) ordinary shares; b)
19	Wanderer-Werke vorm. Winklhofer & Jaenicke A. G.	Schönau bei Chemnitz	15,734,000	3,314,986	112,296	—	—	30. 9. 27	2,031,322	775,285	1,256,037	—	576,024	1,832,061	1,638,000 5,040	12a) 6b)	189,021	1,891,476	12a) 6b)	576,024	a) ordinary shares; b)
20	Metallbank und Metallurgische Gesellschaft, A. G.	Frankfurt a. M.	45,000,000	8,807,646	—	—	—	30. 9. 27	5,302,579	1,576,897	3,725,682	—	151,041	3,876,726	2,857,460 63,600 600,000	8a) 6b) 7½c)	355,666	2,914,402	8a) 6b) 7½c)	340,469	a) ordinary shares; shares II.
21	Deutsche Gold- und Silber-Scheideanstalt vorm. Roessler	Frankfurt a. M.	23,000,000	2,145,022	—	—	—	30. 9. 27	3,378,532	938,011	2,440,521	—	104,221	2,544,742	2,008, 91 36,000 7c)	9a) 6b) —	500,144	2,257,818	8a) 6b) c)	471,710	a) ordinary shares; b)
			338,392,000	49,429,426	55,196,832	64,593,200	3,229,660	—	48,650,852	21,968,644	26,752,689	70,501	3,841,265	30,591,107 — 67,654	22,695,327	—	7,895,780 — 67,654	25,150,345	—	6,385,662	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

erns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	Observations
.....	Berlin	15,000,000	1,500,000	704,016	—	—	31. 12. 27	2,663,476	1,135,527	1,527,949	—	321,724	1,849,673	1,500,000	10a) 0b)	349,673	1,849,837	10a) 0b)	349,837	a) ordinary shares; b) bonus shares (Genußscheine).
lschaft, A. G.	Berlin	12,000,000	1,855,286	5,196,500	—	—	31. 12. 27	965,165	659,921	305,244	—	146,714	451,958	—	0	451,958	828,179	6	228,179	
.....	Hannover-Linden	7,900,000	69,640	4,852,000	—	—	31. 12. 27	624,687	359,765	264,922	—	176,724	441,646	234,000 24,000	4a) 6b) 0c)	183,646	210,864	0a) 6b) 0c)	186,864	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
mann	Dresden	6,072,000	650,000	152,467	—	—	31. 12. 27	1,133,842	825,621	308,221	—	140,654	448,875	—	—	440,235	194,654	0a) 0b)	194,654	a) ordinary shares; b) preference shares.
A. G.	München	10,000,000	917,709	—	—	—	31. 12. 27	2,761,869	925,899	1,835,970	—	75,956	1,911,926	8,640*	6b)					* for 1927 and 1926.
swerk A. G.	Köln-Mülheim	60,000,000	3,590,194	20,473,693	—	—	31. 12. 27	5,667,458	1,813,026	3,854,432	—	257,164	4,111,596	1,400,000 3,600,000	14 6	511,926 511,596	725,956 4,102,863	12 6a)	125,956 502,863	a) 4 per cent dividend; 2 per cent superdividend.
nenfabrik Aktiengesellschaft	Chemnitz	7,018,000	3,351,374	—	—	—	31. 12. 27	4,839,281	1,753,759	3,085,522	—	424,670	3,510,192	1,120,000 1,260 1,120,000	16a) 7b) 16c)	1,268,932	3,128,556	15a) 7b) 15c)	1,027,296	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
.....	Bremen	5,440,000	922,500	417,500	—	—	31. 12. 27	329,499	400,000	—	70,501	2,847	— *67,654*	—	0a) 0b)	— *67,654*	15,247	0a) 6b)	12,847	a) ordinary shares; b) preference shares.
smaschinen A. G.	Wiesbaden	16,643,000	3,703,069	719,732	—	—	31. 12. 27	4,321,663	1,941,960	2,379,703	—	167,135	2,546,838	1,980,000 6,105	12a) 6b)	560,733	1,989,642	10a) 6b)	333,537	a) bearer shares; b) registered shares.
brik A. G. vorm. Busch	Bautzen	7,000,000	550,000	—	—	—	30. 9. 27	376,037	326,346	49,691	—	44,110	93,801	— 420	0a) 6b)	93,381	69,815	0a) 6b)	68,975	a) ordinary shares; b) preference shares Lit. B.
A. G.	Durlach	6,305,000	1,100,000	314,328	—	—	31. 12. 27	1,082,866	301,015	781,851	—	259,139	1,040,990	693,000 300 1,266	11a) 6b) 6b)	346,424	757,095	7a) 6b) 2c)	315,352	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
.....	Mannheim	15,000,000	1,800,000	852,660	—	—	31. 12. 27	3,024,709	1,584,515	1,440,194	—	26,348	1,466,542	1,350,000 11,388	9a) 6c)	105,154	1,028,358	8a) 6b) 4c)	634,766	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
.....	Berlin	50,360,000	9,750,000	21,160,480	—	—	31. 12. 27	4,747,641	4,364,225	383,416	—	478,227	861,643	—	0	861,643	478,227	0	478,227	
.....	Bielefeld	7,055,000	945,000	169,563	—	—	31. 12. 27	584,600	363,213	221,387	—	23,585	244,972	— 63,300	0a) 6b)	181,672	86,885	0a) 6b)	23,585	a) ordinary shares; b) preference shares.
.....	Leipzig	6,000,000	1,007,000	—	—	—	31. 12. 27	902,878	419,255	483,623	—	71,863	555,486	480,000	8	75,486	465,974	6	165,974	
.....	Uerdingen (Rh.)	3,635,000	725,000	33,860	—	—	30. 9. 27	530,672	299,905	230,767	—	7,733	238,500	216,000 1,750	6a) 5b)	20,750	189,483	5a) 5b)	7,733	a) ordinary shares; b) preference shares.
kelwerke A. G., vorm. West-k Fleitmann, Witte & Co. ..	Schwerte	10,850,000	1,385,000	—	—	—	30. 9. 27	2,499,579	781,228	1,718,351	—	131,674	1,850,025	1,155,000 21,000	11a) 6b)	674,025	1,272,674	10a) 6b)	201,674	a) ordinary shares; b) preference shares.
belfabrik A. G.	Berlin	8,320,000	1,340,000	37,737	—	—	30. 9. 27	882,477	423,271	459,206	—	253,709	712,915	492,000 7,200	6a) 6b)	213,715	692,340	6a) 6b)	193,140	a) ordinary shares; b) preference shares.
Winklhofer & Jaenicke A. G.	Schönau bei Chemnitz	15,734,000	3,314,986	112,296	—	—	30. 9. 27	2,031,322	775,285	1,256,037	—	576,024	1,832,061	1,638,000 5,040	12a) 6b)	189,021	1,891,476	12a) 6b)	576,024	a) ordinary shares; b) preference shares.
tische Gesellschaft, A. G.	Frankfurt a. M.	45,060,000	8,807,646	—	—	—	30. 9. 27	5,302,579	1,576,897	3,725,682	—	151,044	3,876,726	2,857,460 63,600 600,000	8a) 6b) 7½ c)	355,666	2,914,402	8a) 6b) 7½ c)	346,469	a) ordinary shares; b) preference shares I; c) preference shares II.
-Scheideanstalt vorm. Roessler	Frankfurt a. M.	23,000,000	2,145,022	—	—	—	30. 9. 27	3,378,532	938,011	2,440,521	—	104,221	2,544,742	2,008, 91 36,000	9a) 6b) 7c)	500,144	2,257,818	8a) 6b) c)	471,710	a) ordinary shares; b) preference shares; c) reserve shares.
		338,392,000	49,429,426	55,196,832	64,593,200	3,229,660	—	48,650,8.2	21,968,644	26,752,689	70,501	3,841,265	30,591,107 — *67,654*	22,695,327	—	7,895,780 — *67,654*	25,150,345	—	6,385,662	

sums placed to reserve for various purposes.
concern after deduction of costs and charges of every kind, including the industrial charge.
intended for welfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
			338.392.000	49,429,426	55,196,832	64.593.200	3.229.660	—	48,650,832	21,968,644	26,752,689	70.501	3,841,265	30,591,107 *— 67,654*	22,695,327	—	7,895,780 *— 67,654*	25.150.345	—	6,385.662	
22	Knorr-Bremse A. G.	Berlin	50,000,000	2,000,000	—	—	—	31. 12. 27	7,577,772	2,020,447	5,557,325	—	78,598	5,635,923	5,000,000	10	635.923	5.578,598	10	578,598	
23	Motorenfabrik Oberursel A. G.	Oberursel	4,250,000	800,000	449,665	—	—	30. 6. 27	880,131	457,880	422,251	—	10,692	432,943	255,000	6	177,943	10,692	0	10,692	
24	Maschinenfabrik Eßlingen A. G.	Eßlingen	6,400,000	640,0 0	622,638	—	—	31. 12. 27	228,742	186,702	42,040	—	255,433	297,473	—	0	297,473	255,433	0	255,433	
25	»Kronprinz« A. G. für Metallindustrie	Ohligs	9,450,000	1,186,956	—	—	—	31. 12. 27	1,164,233	330,835	833,398	—	30,060	863,458	756,000	8	107,458	30,060	0	30,060	
26	Metallgesellschaft	Frankfurt a. M.	18,800,000	3,103,600	—	—	—	30. 9. 27	2,502,414	—	2,502,414	—	156,632	2,659,046	1,948,241	11 a)		2.403,453	10 a)		a) ordinary shares; b) p
															40,000	5 b)	670,778		5 b)	690,654	
															27 *						* reserve shares.
27	Orenstein & Koppel A. G.	Berlin	36,480,000	3,648,000	581,166	—	—	31. 12. 27	2,806,560	930,513	1,876,047	—	148,460	2,024,507	1,800,000	5 a)		1.622.060	4 a)		a) ordinary shares; b) p
															33,600	7 b)	190,907		7 b)	148,460	
28	Bamag-Meguin A. G.	Berlin	16,063,000	2,600,000	211,592	—	—	30. 6. 27	*— 1,083,916*	761,017	—	1,844,933	*— 845,166*	*— 2,690,099*	—	0	*— 2,690,099*	*— 845,166*	0	*— 845,166*	
29	Berliner Maschinenbau A. G. vorm. L. Schwartzkopff	Berlin	18,445,000	7,300,000	—	—	—	30. 6. 27	1,412,765	700,143	712,622	—	595,074	1,307,696	945,000	6 a)		595,074	0 a)		
															26,700	6 b)	335,996		6 b)	568,374	
30	Bremer Vulkan, Schiffbau u. Maschinenfabrik	Vegesack	10,000,000	1,000,000	—	—	—	31. 12. 27	1,491,627	603,468	888,159	—	218,218	1,106,377	800,000	8	306,377	1.125.653	8	325,653	
31	Lincke-Hofmann-Werke A. G.	Berlin	49,000,000	2,100,000	3,411,199	—	—	30. 9. 27	945,064	895,176	49,888	—	115,879	165,767	—	0	165,767	115.879	0	115.879	
32	Gebr. Junghans A. G.	Schramberg i. Wttbg.	14,980,000	2,000,000	—	—	—	30. 6. 27	867,247	370,727	496,520	—	30,530	527,050	474,264	4 a)		767,126	6 a)		a) ordinary shares; b) p
															16,8.0	4 b)	35,986		6 b)	30,530	
33	Osnabrücker Kupfer- u. Drahtwerk	Osnabrück	9,600,000	1,964,226	37,235	—	—	30. 6. 27	530,346	370,000	160,346	—	—	160,346	—	0	160,346	*— 1,762,723*	0	*— 1,762,723*	
34	Excelsior-Fahrrad-Werke Gebr. Conrad & Patz A. G.	Brandenburg	3,670,000	360,000	—	—	—	31. 12. 27	427,735	174,673	253,062	—	33,389	286,451	216,000	6		280,289	6		a) ordinary shares; b) p
															4,900	7	65,551		7	59,389	
35	Hansa-Lloyd Werke A. G.	Bremen	5,400,000	1,100,000	2,613,888	—	—	31. 12. 27	620,589	343,871	276,718	—	—	276,718	216,000	4	60,718	*— 2,160,178*	0	*— 2,160,178*	
36	Köln-Lindenthaler Metallwerke A. G.	Köln-Lindenthal	1,750,000	175,000	—	—	—	30. 9. 27	201,585	51,752	149,833	—	—	149,833	138,952	8 a)		*— 1,274,490*	0 a)	*— 1,274,490*	a) ordinary shares; b) p
															3,918	6 b)	6,963		0 b)		
37	Motorenfabrik Deutz A. G.	Köln-Deutz	12,750,000	2,500,000	538,150	—	—	30. 6. 27	567,084	822,385	—	255,301	32,075	*— 223,226*	—	0	*— 223,226*	32,075	0	32,075	
38	J. E. Reinecker A. G.	Chemnitz-Gablenz	7,200,000	931,381	—	—	—	30. 6. 27	695,598	184,639	510,959	—	20,380	531,339	504,000	7	27,339	308,380	4	20,380	
39	Hannoversche Maschinenbau-A. G. vorm. Georg Egestorff	Hannover-Linden	14,466,600	6,465,086	9,500,000	—	—	30. 6. 27	2,112,962	2,099,977	12,985	—	278,447	291,432	—	0 a)		306,443	0 a)		
															27,996	6 b)	263,436		6 b)	278,447	
40	Sächsische Maschinenfabrik vorm. Rich. Hartmann A. G.	Chemnitz	18,226,500	835,160	207,900	—	—	30. 6. 27	*— 2,738,709*	555,425	—	3,294,134	—	*— 3,294,134*	—	0	*— 3,294,134*	*— 1,463,530*	0	*— 1,463,530*	
41	Kabelwerk Rheydt A. G.	Rheydt	7,560,000	747,664	—	—	—	30. 6. 27	1,223,748	309,485	914,263	—	62,593	976,856	840,000	12 a)		1.011.193	12 a)		a) ordinary shares; b)
															3,600	6 b)	133,256		6 b)	167,593	
42	R. Frisler A. G.	Berlin-Oberschöneweide	6,000,000	1,000,000	213,397	—	—	31. 12. 27	357,670	247,177	110,493	—	24,148	134,641	—	0	134,641	329,023	5	29,023	
43	Bing Werke vorm. Gebrüder Bing A. G.	Nürnberg	10,000,000	—	740,288	—	—	31. 12. 27	659,715	627,295	32,420	—	—	32,420	—	0	32,420	*— 6,750,458*	0	*— 6,750,458*	
44	Vogtländische Maschinenfabrik (vorm. J. C. & H. Dietrich) A. G.	Plauen i. V.	8,100,000	810,000	285,682	—	—	30. 6. 27	1,048,671	608,325	440,346	—	50,540	490,886	288,000	4 a)		50,540	0	50,540	a) ordinary shares; b)
															162,000	6 b)	40.886				dends for 1924/25 and
45	Th. Flöther, Maschinenbau A. G.	Gassen N./L.	3,708,000	370,800	—	—	—	31. 12. 27	833,934	681,472	152,462	—	187,127	339,589	144,000	4 a)		341,240	4 a)		a) ordinary shares; b)
															6,480	6 b)	189,109		6 b)	190,760	
46	Maschinenfabrik Augsburg-Nürnberg A. G.	Nürnberg	20,000,000	2,200,000	17,640,902	—	—	30. 6. 27	2,244,869	1,235,999	1,008,870	—	631,973	1,640,843	—	0	1,640,843	1.631,972	5	631,972	
47	Blohm & Voß Kommanditgesellschaft a. A.	Hamburg	14,000,000	1,650,000	478.029	—	—	30. 6. 27	2,087,591	792,817	1,294,774	—	39,394	1,334,168	350,000	5 a)		464,394	0 a)		a) ordinary shares; b)
															175,000	2½ b)	809,168		2½ b)	289,394	
48	Rheinische Metallwaren- und Maschinenfabrik	Düsseldorf	12,000,000	—	13,728,328	—	—	30. 6. 27	3,126,051	2,046,164	1,079,887	—	33,517	1,113,404	—	0	1,113,404	33,517	0	33,517	
49	Deutsche Babcock & Wilcox-Dampfkessel Werke A. G.	Berlin	8,000,000	1,000,000	—	—	—	30. 9. 27	1,531,213	385,988	1,145,225	—	23,526	1,168,751	720,000	9	448,751	966,725	8	326,725	
			734,691,100	97,917,299	106,456,891	174,133,260	8.706,663	—	86,796,748 *— 3,822,625*	40,762,996	47,675,996	5,464,869	6,897,950 *— 845,166*	54,539,024 *— 6,275,113*	38,591,805	—	15,947,219 *— 6,275,113*	43,410,164 *—11,256,545*	—	11,249,810 *—11,256,545*	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
		338.392,000	49,429,426	55,196,832	64.593.200	3.229.660	—	18,650,832	21,968,644	26,752,689	70,501	3,841,265	30,591,107 *— 67,654*	22,695,327	—	7,895,780 *— 67,654*	25.150.345	—	6,385,662	
.....	Berlin	50,000,000	2,000,000	—	—	—	31. 12. 27	7,577,772	2,020,447	5,557,325	—	78,598	5,635,923	5,000,000	10	635,923	5.578,598	10	578,598	
.....	Oberursel	4.250.000	800,000	449,665	—	—	30. 6. 27	880,131	457,880	422,251	—	10,692	432,943	255,000	6	177,943	10,692	0	10,692	
.....	Eßlingen	6.400,000	640,0 0	622,638	—	—	31. 12. 27	228,742	186,702	42,040	—	255,433	297,473	—	0	297,473	255,433	0	255,433	
.....	Ohligs	9.450.000	1,186,956	—	—	—	31. 12. 27	1,164,233	330,835	833,398	—	30,060	863,458	756,000	8	107,458	30,060	0	30,060	
.....	Frankfurt a. M.	18,800.000	3,103,600	—	—	—	30. 9. 27	2,502,414	—	2,502,414	—	156,632	2,659,046	1,948,241	11 a)			10 a)		a) ordinary shares; b) preference shares.
														40,000	5 b)	670,778	2,403,453	5 b)	690,654	
														27 *						* reserve shares.
.....	Berlin	36.480,000	3,648,000	581,166	—	—	31. 12. 27	2,806,560	930,513	1,876,047	—	148,460	2,024,507	1,800,000	5 a)			4 a)		a) ordinary shares; b) preference shares.
														33,600	7 b)	190,907	1,622,060	7 b)	148,460	
.....	Berlin	16,063,000	2,600,000	211,592	—	—	30. 6. 27	*— 1,083,916*	761,017	—	1,844,933	*— 845,166*	*— 2,690,099*	—	0	*— 2.690,099*	*— 845,166*	0	*— 845,166*	
wartzkopff ..	Berlin	18.445,000	7,300,000	—	—	—	30. 6. 27	1,412,765	700,143	712,622	—	595,074	1,307,696	945,000	6 a)			0 a)		
														26,700	6 b)	335,996	595,074	6 b)	568,374	
brik	Vegesack	10,000,000	1,000,000	—	—	—	31. 12. 27	1,491,627	603,468	888,159	—	218,218	1,106,377	800,000	8	306,377	1,125,653	8	325,653	
.....	Berlin	49,000,000	2,100,000	3,411,199	—	—	30. 9. 27	945,064	895,176	49,888	—	115,879	165,767	—	0	165,767	115,879	0	115,879	
.....	Schramberg i. Wttbg.	14,980.000	2,000,000	—	—	—	30. 6. 27	867,247	370,727	496,520	—	30,530	527,050	474,264	4 a)			6 a)		a) ordinary shares; b) preference shares.
														16,8.0	4 b)	35,986	767,126	6 b)	30,530	
.....	Osnabrück	9,600,000	1,964,226	37,235	—	—	30. 6. 27	530,346	370,000	160,346	—	—	160,346	—	0	160,346	*— 1,762,723*	0	*— 1,762,723*	
Patz A. G. ..	Brandenburg	3.670.000	360,000	—	—	—	31. 12. 27	427,735	174,673	253,062	—	33,389	286,451	216,000	6			6		a) ordinary shares; b) preference shares.
														4,900	7	65,551	280,289	7	59,389	
.....	Bremen	5,400,000	1,100,000	2,613,888	—	—	31. 12. 27	620,589	343,871	276,718	—	—	276,718	216,000	4	60,718	*— 2,160,178*	0	*— 2,160,178*	
.....	Köln-Lindenthal	1.750.000	175,000	—	—	—	30. 9. 27	201,585	51,752	149,833	—	—	149,833	138,952	8 a)			0 a)		a) ordinary shares; b) preference shares.
														3,918	6 b)	6,963	*— 1,274,490*	0 b)	*— 1,274,490*	
.....	Köln-Deutz	12.750,000	2,500,000	538,150	—	—	30. 6. 27	567,084	822,385	—	255,301	32,075	*— 223,226*	—	0	*— 223,226*	32,075	0	32,075	
.....	Chemnitz-Gablenz	7.200,000	931,381	—	—	—	30. 6. 27	695,598	184,639	510,959	—	20,380	531,339	504,000	7	27,339	308,380	4	20,380	
Georg Fge-																				
.....	Hannover-Linden	14,466.600	6,465,086	9,500,000	—	—	30. 6. 27	2,112,962	2,099,977	12,985	—	278,447	291,432	—	0 a)			0 a)		
h. Hartmann														27,996	6 b)	263,436	306,443	6 b)	278,447	
.....	Chemnitz	18,226.500	835,160	207.900	—	—	30. 6. 27	*— 2,738,709*	555,425	—	3,294,134	—	*— 3,294,134*	—	0	*— 3.294,134*	*— 1,463,530*	0	*— 1,463,530*	
.....	Rheydt	7,560.000	747,664	—	—	—	30. 6. 27	1,223,748	309,485	914,263	—	62.593	976,856	840,000	12 a)			12 a)		a) ordinary shares; b) preference shares.
														3,600	6 b)	133,256	1,011,193	6 b)	167,593	
.....	Berlin-Oberschöneweide	6.000,000	1,000,000	213,397	—	—	31. 12. 27	357,670	247,177	110,493	—	24,148	134,641	—	0	134,641	329,023	5	29,023	
.....	Nürnberg	10,000.000	—	740,288	—	—	31. 12. 27	659,715	627,295	32,420	—	—	32,420	—	0	32,420	*— 6,750,458*	0	*— 6,750,458*	
C. & H. Diet-																				
.....	Plauen i. V.	8,100,000	810,000	285.682	—	—	30. 6. 27	1,048,671	608,325	440,346	—	50,540	490,886	288,000	4 a)					a) ordinary shares; b) preference shares (including the dividends for 1924/25 and 1925/26).
														162,000	6 b)	40,886	50,540	0	50,540	
.....	Gassen N./L.	3,708,000	370,800	—	—	—	31. 12. 27	833,934	681,472	152,462	—	187,127	339,589	144,000	4 a)			4 a)		a) ordinary shares; b) preference shares.
														6,480	6 b)	189,109	341,240	6 b)	190,760	
G.	Nürnberg	20,000.000	2,200,000	17,640,902	—	—	30. 6. 27	2,244,869	1,235,999	1,008,870	—	631,973	1,640,843	—	0	1,640,843	1,631,972	5	631,972	
A.	Hamburg	14,000,000	1,650.000	478,029	—	—	30. 6. 27	2,087,591	792,817	1,294,774	—	39,394	1,334,168	350,000	5 a)					a) ordinary shares; b) preference shares.
														175,000	2½ b)	809,168	464,394	2½ b)	289,394	
fabrik	Düsseldorf	12,000,000	—	13,728,328	—	—	30. 6. 27	3,126,051	2,046,164	1,079,887	—	33,517	1,113,404	—	0	1,113,404	33,517	0	33,517	
l Werke A. G.	Berlin	8,000,000	1,000.000	—	—	—	30. 9. 27	1,531,213	385,988	1,145,225	—	23,526	1,168,751	720,000	9	448,751	966,725	8	326,725	
		734,691,100	97,917,299	106,456,891	174,133,260	8,706,663	—	86,796,748 *— 3,822,625*	40,762,996	47,675,996	5,464,869	6,897.950 *— 845,166*	54,539,024 *— 6,275,113*	38,591,805	—	15,947,219 *— 6,275,113*	43.410,164 *— 14,256,545*	—	11.249,810 *— 14,256,545*	

reserve for various purposes.
deduction of costs and charges of every kind, including the industrial charge.
elfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business ye 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
			734,691,100	97,917,299	106,456,891	174,133,260	8,706,663	—	86,796,748 *— 3,822,625*	40,762,996	47,675,996	5,464,869	6,897,950 *— 845,166*	54,539,024 *— 6,275,113*	38,591,805	—	15,947,219 *— 6,275,113*	43,410,164 *— 14,256,545*	—	11,249,810 *— 14,256,545*	
50	Berlin-Karlsruher Industrie-Werke A. G.	Berlin	30,000,000	3,000,000	—	—	—	31. 12. 27	*— 663,258*	15,085,809	—	15,749,067	949,067	*— 14,800,000*	—	0	*— 14,800,000*	949,067	0	949,067	
51	Julius Pintsch A. G.	Berlin	9,012,000	900,000	5,193,864	—	—	31. 12. 27	2,411,669	1,732,653	679,016	—	76,750	755,766	720,000	8	35,766	526,750	5	76,750	
52	Frankfurter Maschinenbau A. G. vorm. Porkorny & Wittekind	Frankfurt a. M.	6,918,000	834,857	109,036	—	—	31. 12. 27	705,228	208,064	497,164	—	—	497,164	396,000 38,160	6 a) 12 b)*	63,004	*— 171,761*	0 a) 0 b)	*— 171,761*	a) ordinary shares; * including 6 per c
53	Lokomotivfabrik Krauß & Co. A. G.	München	5,000,000	66,099	21,282	—	—	31. 12. 27	132,841	111,252	21,589	—	36,749	58,338	—	0	58,338	38,683	0	38,683	
54	Westfälische Drahtindustrie	Hamm i. W.	7,667,000	767,000	72,600	—	—	30. 6. 27	1,089,705	616,066	473,639	—	—	473,639	333,350 120,000	5 a) 4 b)	20,289	108,601	5 a) 0 b)	—	a) ordinary shares; dends for the ye
55	Gußstahl-Werke Witten A. G.	Witten-Ruhr	10,400,000	—	12,344	—	—	30. 6. 27	973,111	935,755	37,356	—	*— 1,377,238*	*— 1,339,882*	—	0	*— 1,339,882*	*— 1,377,238*	0	*— 1,377,238*	
56	Deutsche Schiff- und Maschinenbau A. G.	Bremen	25,000,000	3,500,000	595,050	—	—	31. 12. 27	2,659,703	2,559,709	99,994	—	412,723	512,717	—	0	512,717	412,723	0	412,723	
57	Hirsch Kupfer- u. Messingwerke A. G.	Berlin	12,000,000	1,200,000	111,009	—	—	31. 12. 27	1,591,259	711,151	880,108	—	—	880,108	720,000	6	160,108	*— 2,800,000*	0	*— 2,800,000*	
58	Adlerwerke vorm. Heinrich Kleyer A. G.	Frankfurt a. M.	19,271,000	8,222,804	50,000	—	—	31. 10. 27	2,621,672	1,620,979	1,000,693	—	48,288	1,048,981	962,500 7,350*	5	79,131	48,288	0	48,288	* preference shares
59	Steffens & Nölle A. G.	Berlin	4,500,000	450,000	—	—	—	31. 12. 27	245,981	60,310	185,671	—	10,665	196,336	180,000	8	16,336	197,416	8	17,416	
60	Deutsche Werft A. G.	Hamburg	10,000,000	151,721	834,274	—	—	31. 12. 27	1,284,343	575,331	709,012	—	10,069	719,081	510,000*	6	209,081	434,422	8	34,422	* on 2,000,000 *RM.*
61	Siegen-Solinger Gußstahl-Aktienverein	Solingen	8,150,000	1,216,979	2,619,979	—	—	31. 12. 27	261,761	220,098	41,663	—	—	41,663	— 21,000	0 a) 7 b)	20,663	*— 198,771*	0 a) 0 b)	*— 198,771*	a) ordinary shares;
62	Maschinen Anstalt Humboldt	Köln-Kalk	12,750,000	2,461,199	1,989,601	—	—	30. 6. 27	697,386	1,032,223	—	334,837	—	*334,837*	—	0	*— 334,837*	*— 4,820,826*	0	*— 4,820,826*	
63	R. Stock & Co., Spiralbohrer, Werkzeug und Maschinenfabrik A. G.	Berlin	7,560,000	756,000	97,859	—	—	30. 9. 27	595,630	207,701	387,929	—	62,330	450,259	378,000	5	72,259	62,330	0	62,330	
64	Waggon u. Maschinenbau A. G.	Görlitz	6,000,000	300,000	227,458	—	—	30. 6. 27	713,815	484,342	229,473	—	—	229,473	187,200 3,204b)	8 a)	39,069	*— 4,543,053*	0	*— 4,543,053*	a) ordinary shares;
65	Westfälische Eisen- und Drahtwerke A. G.	Werne bei Langendreer	5,250,000	525,000	246,561	—	—	30. 6. 27	60,905	1,634,234	—	1,573,329	—	*— 1,573,329*	—	0	*— 1,573,329*	*— 2,433,357*	0	*— 2,433,357*	
66	H. Fuchs Waggon-Fabrik A. G.	Heidelberg	1,520,000	510,418	1,488,637	—	—	30. 6. 27	*— 395,820*	103,020	—	498,840	—	*— 498,840*	—	0	*— 498,840*	—	0	—	
67	Enzinger Union-Werke A. G.	Mannheim	6,200,000	501,941	146,341	—	—	31. 12. 27	650,990	282,720	368,270	—	*— 867,884*	*— 499,614*	—	0	*— 499,614*	*— 867,884*	0	*— 867,884*	
68	Motoren-Werke Mannheim A. G. vorm. Benz Abt. Stationaerer Motorenbau	Mannheim	5,400,000	582,425	—	—	—	31. 12. 27	*— 372,691*	173,544	—	546,235	*— 409,398*	*— 955,633*	—	0	*— 955,633*	*— 3,409,398*	0	*— 3,409,398*	
69	»Miag« Mühlenbau- und Industrie A. G.	Frankfurt a. M.	14,000,000	1,500,000	11,932,391	—	—	31. 12. 27	2,462,692	824,860	1,637,832	—	165,350	1 803 182	1,380,000 14,000	10 a) 7 b)	409,182	1,592,700	10 a) 7 b)	398,700	a) ordinary shares;
70	Leipziger Pianoforte- und Phonolafabriken Hupfeld — Gebr. Zimmermann A. G.	Leipzig	4,500,000	450,000	1,160,300	—	—	30. 6. 27	754,752	294,294	460,458	—	2,445	462,903	450,000	10	12,903	272,055	10	19,495	
71	Gebrüder Schöndorff A. G.	Düsseldorf	3,600,000	500,000	2,250,000	—	—	30. 6. 27	*— 611,762*	273,554	—	885,316	42,004	*— 843,312*	—	0	*— 843,312*	42,004	0	42,004	
72	Pittler Werkzeugmaschinenfabrik A. G.	Leipzig-Wahren	3,480,000	348,000	400,000	—	—	31. 12. 27	745,983	373,959	372,024	—	22,743	394,767	348,000	10	46,767	266,343	7	22,743	
73	Schiess-Defries A. G.	Düsseldorf	8,000,000	800,000	1,745,262	—	—	31. 12. 27	955,491	406,209	549,282	—	—	549 282	350,000	7*	199,282	*— 3,939,885*	0	*— 3,939,885*	* on 6,000,000 *RM.*
74	Sächsische Waggonfabrik Werdau A. G.	Werdau	3,732,000	373,200	670	—	—	30. 6. 27	133,293	147,304	—	14,011	*— 24,838*	*— 38 849*	—	0	*— 38,849*	*— 170,685*	0	*— 170,685*	
75	Prestowerke A. G.	Chemnitz	4,045,000	1,345,000	2,072,692	—	—	30. 9. 27	501,116	350,946	150,170	—	67,330	217,500	210,000* 7,500	6 a) 6 b)†	—	317,330	8 a) 8 b)†	67,330	a) ordinary shares; * on 1,000,000 *RM.* † 6 *RM.* and 8 *RM.*
76	Gothaer Waggonfabrik A. G.	Gotha	7,000,750	1,790,000	111,233	—	—	30. 6. 27	*— 270,833*	680,009	—	950,842	59,135	*— 891,707*	—	0	*— 891,707*	*— 4,428,031*	0	*— 4,428,031*	
77	Süddeutsche Bremsen-A. G.	München	10,000,000	61,298	—	—	—	31. 12. 27	135,566	639,781	—	504,215	9,100	*— 495,115*	—	0	*— 495,115*	509,100	5	9,100	
78	Heinrich Lanz-A. G.	Mannheim	12,000,000	1,200,000	1,390,259	—	—	31. 12. 27	1,027,068	955,960	71,108	—	18,211	89,319	—	0	89,319	18,211	0	18,211	
79	Harburger Eisen- und Bronzewerke A. G.	Harburg	3,780,000	272,450	—	—	—	31. 12. 27	550,378	185,416	364,962	—	88,841	453,803	302,400	8	151,403	444,940	8	142,550	
80	Friz Werner A. G.	Berlin-Marienfelde	3,600,000	600,000	454,912	—	—	31. 12. 27	484,301	271,401	212,900	—	68,226	281,126	216,000	6	65,126	384,226	6	168,226	
81	Maschinenbau A. G. Balcke	Bochum	3,200,000	600,000	1,024,000	—	—	31. 12. 27	413,439	155,746	257,693	—	292,306	549,999	256,000	8	293,999	484,306	6	292,306	
			1,008,226,850	133,703,690	142,814,505	241,386,717	12,069,336	—	111,656,826 *— 6,136,989*	74,677,396	57,364,002	26,521,561	9,340,282 *— 3,524,524*	65,204,430 *— 28,546,231*	46,702,469	—	18,501,961 *— 28,546,231*	50,519,669 *— 43,417,434*	—	14,070,154 *— 43,417,434*	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
		734,691,100	97,917,299	106,456,891	174,133,260	8,706,663	—	86,796,748 *— 3,822,625*	40,762,996	47,675,996	5,464,869	6,897,950 *— 845,166*	54,539,024 *— 6,275,113*	38,591,805	—	15,947,219 *— 6,275,113*	43,410,164 *— 14,256,545*	—	11,249,810 *— 14,256,545*	
.....	Berlin	30,000,000	3,000,000	—	—	—	31. 12. 27	*— 663,258*	15,085,809	—	15,749,067	949,067	*— 14,800,000*	—	0	*— 14,800,000*	949,067	0	949,067	
.....	Berlin	9,012,000	900,000	5,193,864	—	—	31. 12. 27	2,411,669	1,732,653	679,016	—	76,750	755,766	720,000	8	35,766	526,750	5	76,750	
Porkorny &	Frankfurt a. M.	6,918,000	834,857	109,036	—	—	31. 12. 27	705,228	208,064	497,164	—	—	497,164	396,000 38,160	6 a) 12 b)*	63,004	*— 171,761*	0 a) 0 b)	*— 171,761*	a) ordinary shares; b) preference shares. * including 6 per cent for the preceding year.
.....	München	5,000,000	66,099	21,282	—	—	31. 12. 27	132,841	111,252	21,589	—	36,749	58,338	—	0	58,338	38,683	0	38,683	
.....	Hamm i. W.	7,667,000	767,000	72,600	—	—	30. 6. 27	1,089,705	616,066	473,639	—	—	473,639	333,350 120,000	5 a) 4 b)	20,289	108,601	5 a) 0 b)	—	a) ordinary shares; b) preference shares including the dividends for the years 1924/25 and 1925/26.
.....	Witten-Ruhr	10,400,000	—	12,344	—	—	30. 6. 27	973,111	935,755	37,356	—	*— 1,377,238*	*— 1,339,882*	—	0	*— 1,339,882*	*— 1,377,238*	0	*— 1,377,238*	
.....	Bremen	25,000,000	3,500,000	595,050	—	—	31. 12. 27	2,639,703	2,559,709	99,994	—	412,723	512,717	—	0	512,717	412,723	0	412,723	
.....	Berlin	12,000,000	1,200,000	111,009	—	—	31. 12. 27	1,591,259	711,151	880,108	—	—	880,108	720,000	6	160,108	*— 2,800,000*	0	*— 2,800,000*	
.....	Frankfurt a. M.	19,271,000	8,222,804	50,000	—	—	31. 10. 27	2,621,672	1,620,979	1,000,693	—	48,288	1,048,981	962,500 7,350*	5	79,131	48,288	0	48,288	* preference shares (for 5 years).
.....	Berlin	4,500,000	450,000	—	—	—	31. 12. 27	245,981	60,310	185,671	—	10,665	196,336	180,000	8	16,336	197,416	8	17,416	
.....	Hamburg	10,000,000	151,721	834,274	—	—	31. 12. 27	1,284,343	575,331	709,012	—	10,069	719,081	510,000*	6	209,081	434,422	8	34,422	* on 2,000,000 *RM.* the dividend dating from October 1, 1927.
.....	Solingen	8,150,000	1,216,979	2,619,979	—	—	31. 12. 27	261,761	220,098	41,663	—	—	41,663	— 21,000	0 a) 7 b)	20,663	*— 198,771*	0 a) 0 b)	*— 198,771*	a) ordinary shares; b) preference shares.
.....	Köln-Kalk	12,750,000	2,461,199	1,989,601	—	—	30. 6. 27	697,386	1,032,223	—	334,837	—	*334,837*	—	0	*— 334,837*	*— 4,820,826*	0	*— 4,820,826*	
nd Maschinen-	Berlin	7,560,000	756,000	97,859	—	—	30. 9. 27	595,630	207,701	387,929	—	62,330	450,259	378,000	5	72,259	62,330	0	62,330	
.....	Görlitz	6,000,000	300,000	227,458	—	—	30. 6. 27	713,815	484,342	229,473	—	—	229,473	187,200 3,204b)	8 a)	39,069	*— 4,543,053*	0	*— 4,543,053*	a) ordinary shares; b) bonus shares (Genußscheine).
G.	Werne bei Langendreer	5,250,000	525,000	246,561	—	—	30. 6. 27	60,905	1,634,234	—	1,573,329	—	*— 1,573,329*	—	0	*— 1,573,329*	*— 2,433,357*	0	*— 2,433,357*	
.....	Heidelberg	1,520,000	510,418	1,488,637	—	—	30. 6. 27	*— 395,820*	103,020	—	498,840	—	*— 498,840*	—	0	*— 498,840*	—	0	—	
.....	Mannheim	6,200,000	501,941	146,341	—	—	31. 12. 27	650,990	282,720	368,270	—	*— 867,884*	*— 499,614*	—	0	*— 499,614*	*— 867,884*	0	*— 867,884*	
Benz Abt. Sta-	Mannheim	5,400,000	582,425	—	—	—	31. 12. 27	*— 372,691*	173,544	—	546,235	*— 409,398*	*— 955,633*	—	0	*— 955,633*	*— 3,409,398*	0	*— 3,409,398*	
.....	Frankfurt a. M.	14,000,000	1,500,000	11,932,391	—	—	31. 12. 27	2,462,692	824,860	1,637,832	—	165,350	1 803 182	1,380,000 14,000	10 a) 7 b)	409,182	1,592,700	10 a) 7 b)	398,700	a) ordinary shares; b) preference shares.
Hken Hupfeld	Leipzig	4,500,000	450,000	1,160,300	—	—	30. 6. 27	754,752	294,294	460,458	—	2,445	462,903	450,000	10	12,903	272,055	10	19,495	
.....	Düsseldorf	3,600,000	500,000	2,250,000	—	—	30. 6. 27	*— 611,762*	273,554	—	885,316	42,004	*— 843,312*	—	0	*— 843,312*	42,004	0	42,004	
.....	Leipzig-Wahren	3,480,000	348,000	400,000	—	—	31. 12. 27	745,983	373,959	372,024	—	22,743	394,767	348,000	10	46,767	266,343	7	22,743	
.....	Düsseldorf	8,000,000	800,000	1,745,262	—	—	31. 12. 27	955,491	406,209	549,282	—	—	549 282	350,000	7*	199,282	*— 3,939,885*	0	*— 3,939,885*	* on 6,000,000 *RM.* of new shares dating from July 1, 1927.
.....	Werdau	3,732,000	373,200	670	—	—	30. 6. 27	133,293	147,304	—	14,011	*— 24,838*	*— 38 849*	—	0	*— 38,849*	*— 170,685*	0	*— 170,685*	
.....	Chemnitz	4,045,000	1,345,000	2,072,692	—	—	30. 9. 27	501,116	350,946	150,170	—	67,330	217,500	210,000* 7,500	6 a) 6 b)†	—	317,330	8 a) 8 b)†	67,330	a) ordinary shares; b) preference shares. * on 1,000,000 *RM.* of shares only 3 per cent. † 6 *RM.* and 8 *RM.* respectively on each share.
.....	Gotha	7,000,750	1,790,000	111,233	—	—	30. 6. 27	*— 270,833*	680,009	—	950,842	59,135	*— 891,707*	—	0	*— 891,707*	*— 4,428,031*	0	*— 4,428,031*	
.....	München	10,000,000	61,298	—	—	—	31. 12. 27	135,566	639,781	—	504,215	9,100	*— 495,115*	—	0	*— 495,115*	509,100	5	9,100	
.....	Mannheim	12,000,000	1,200,000	1,390,259	—	—	31. 12. 27	1,027,068	955,960	71,108	—	18,211	89,319	—	0	89,319	18,211	0	18,211	
G.	Harburg	3,780,000	272,450	—	—	—	31. 12. 27	550,378	185,416	364,962	—	88,841	453,803	302,400	8	151,403	444,950	8	142,550	
.....	Berlin-Marienfelde	3,600,000	600,000	454,912	—	—	31. 12. 27	484,301	271,401	212,900	—	68,226	281,126	216,000	6	65,126	384,226	6	168,226	
.....	Bochum	3,200,000	600,000	1,024,000	—	—	31. 12. 27	413,439	155,746	257,693	—	292,306	549,999	256,000	8	293,999	484,306	6	292,306	
		1,008,226,850	133,703,690	142,814,505	241,386,717	12,069,336	—	111,656,826 *— 6,136,989*	74,677,396	57,364,002	26,521,561	9.340,282 *— 3,524,524*	65,204,430 *— 28,546,231*	46,702,469	—	18,501,961 *— 28,546,231*	50,519,669 *— 43,417,434*	—	14,070,154 *— 43,417,434*	

o reserve for various purposes.
r deduction of costs and charges of every kind, including the industrial charge.
welfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
			1,008,226,850	133,703,690	142,814,505	241,386,717	12,069,336	—	111,656,826 *— 6,136,989*	74,677,396	57,364,002	26,521,561	9,340,282 *— 3,524,524*	65,204,430 *— 28,546,231*	46,702,469	—	18,501,961 *— 28,546,231*	50,519,669 *— 43,417,434*	—	14,070,154 *— 43,417,434*	
82	Deutsche Steinzeugwarenfabrik für Kanalisation und chemische Industrie	Friedrichsfeld (Baden)	4,447,500	552,500	—	—	—	31. 12. 27	971,525	225,836	745,689	—	14,139	759,828	641,250 25,875	15 a) 15 b)	92,703	602,232	12 a) 4 b)	68,532	a) ordinary sh
83	F. Küpperbusch & Söhne A. G.	Gelsenkirchen	4,900,000	500,000	—	—	—	31. 12. 27	930,835	114,469	816,366	—	87,294	903,660	588,000	12	315,660	845,294	11	306,294	
84	Maschinenbauanstalt Kirchner & Co.	Leipzig	6,105,000	610,500	—	—	—	30. 6. 27	609,193	281,751	327,442	—	328,931	656,373	278,100 36,300	6 a) 6 b)	341,973	369,986	0 a) 6 b)	333,686	a) ordinary sh
85	Vereinigte Eschebach'sche Werke A. G.	Dresden	4,400,000	440,000	229,649	—	—	31. 12. 27	359,122	135,368	223,754	—	19,988	243,742	215,000 5,000	5 a) 5 b)	23,742	24,988	0 a) 5 b)	19,988	a) ordinary sh
86	Reiniger, Gebbert & Schall A. G.	Erlangen	3,720,000	372,000	84,800	—	—	31. 7. 27	369,879	75,598	294,281	—	182,855	477,136	221,400 2,100	6 a) 7 b)	253,636	446,955	6 a) 7 b)	221,355	a) ordinary sh
87	Westfalia-Dinnendahl A. G.	Bochum	3,205,000	332,600	56,460	—	—	31. 12. 27	212,009	183,458	28,551	—	20,427	48,978	— —	0 a) 0 b)	48,978	186,552	5 a) 5 b)	26,252	a) ordinary sh
88	Baroper Walzwerk A. G.	Barop	3,072,000	27,989	—	—	—	30. 6. 27	215,020	215,020	—	—	—	—	—	0	—	—	0	—	
89	Nähmaschinen- und Fahrräder-Fabrik Bernh. Stoewer A. G.	Stettin	3,600,000	365,025	828,645	—	—	31. 12. 27	114,872	96,292	18,580	—	44,241	62,821	—	0	62,821	44,241	0	44,241	
90	Dürener Metallwerke A. G.	Düren	4,000,000	400,000	—	—	—	31. 12. 27	809,833	378,878	430,955	—	272,954	703,909	400,000	10	303,909	272,954	0	272,954	
			1,045,676,350	137,304,304	144,014,059	248,918,793	12,445,940	—	116,249,114 *— 6,136,989*	76,384,066	60,249,620	26,521,561	10,311,111 *— 3,524,524*	69,060,877 *— 28,546,231*	49,115,494	4,69	19,945,383 *— 28,546,231*	53,312,871 *— 43,417,434*	3,67	15,363,456 *— 43,417,434*	
			1,045,676,350	137,304,304	144,014,059	248,918,793	12,445,940	—	110,112,125	76,384,066	60,249,620	26,521,561	6,786,587	40,514,646	49,115,494	4,69	*— 8,600,848*	9,895,437	3,67	*— 28,053,978*	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	Observations
isation und		1,008,226,850	133,703,690	142,814,505	241,386,717	12,069,336	—	111,656,826 *— 6,136,989*	74,677,396	57,364,002	26,521,561	9,340,282 *— 3,524,524*	65,204,430 *— 28,546,231*	46,702,469	—	18,501,961 *— 28,546,231*	50,519,669 *— 43,417,434*	—	14,070,154 *— 43,417,434*	
.....	Friedrichsfeld (Baden)	4,447,500	552,500	—	—	—	31. 12. 27	971,525	225,836	745,689	—	14,139	759,828	641,250 25,875	15 a) 15 b)	92,703	602,232	12 a) 4 b)	68,532	a) ordinary shares; b) preference shares.
.....	Gelsenkirchen	4,900,000	500,000	—	—	—	31. 12. 27	930,835	114,469	816,366	—	87,294	903,660	588,000	12	315,660	845,294	11	306,294	
.....	Leipzig	6,105,000	610,500	—	—	—	30. 6. 27	609,193	281,751	327,442	—	328,931	656,373	278,100 36,300	6 a) 6 b)	341,973	369,986	0 a) 6 b)	333,686	a) ordinary shares; b) preference shares.
.....	Dresden	4,400,000	440,000	229,649	—	—	31. 12. 27	359,122	135,368	223,754	—	19,988	243,742	215,000 5,000	5 a) 5 b)	23,742	24,988	0 a) 5 b)	19,988	a) ordinary shares; b) preference shares.
.....	Erlangen	3,720,000	372,000	84,800	—	—	31. 7. 27	369,879	75,598	294,281	—	182,855	477,136	221,400 2,100	6 a) 7 b)	253,636	446,955	6 a) 7 b)	221,355	a) ordinary shares; b) preference shares.
.....	Bochum	3,205,000	332,600	56,460	—	—	31. 12. 27	212,009	183,458	28,551	—	20,427	48,978	— —	0 a) 0 b)	48,978	186,552	5 a) 5 b)	26,252	a) ordinary shares; b) preference shares.
.....	Barop	3,072,000	27,989	—	—	—	30. 6. 27	215,020	215,020	—	—	—	—	—	0	—	—	0	—	
nh. Stoewer																				
.....	Stettin	3,600,000	365,025	828,645	—	—	31. 12. 27	114,872	96,292	18,580	—	44,241	62,821	—	0	62,821	44,241	0	44,241	
.....	Düren	4,000,000	400,000	—	—	—	31. 12. 27	809,833	378,878	430,955	—	272,954	703,909	400,000	10	303,909	272,954	0	272,954	
		1,045,676,350	137,304,304	144,014,059	248,918,793	12,445,940	—	116,249,114 *— 6,136,989*	76,384,066	60,249,620	26,521,561	10,311,111 *— 3,524,524*	69,060,877 *— 28,546,231*	49,115,494	4,69	19,945,383 *— 28,546,231*	53,312,871 *— 43,417,434*	3,67	15,363,456 *— 43,417,434*	
		1,045,676,350	137,304,304	144,014,059	248,918,793	12,445,940	—	110,112,125	76,384,066	60,249,620	26,521,561	6,786,587	40,514,646	49,115,494	4,69	*— 8,600,848*	9,895,437	3,67	*— 28,053,978*	

serve for various purposes.
ction of costs and charges of every kind, including the industrial charge.
and relief funds, placed to reserve or otherwise employed.

VII. Textile Industry.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
1	Gruschwitz Textilwerke A. G.	Neusalz (Oder)	13,260,000	1,158,028	1,772,001	—	—	31. 12. 27	1,935,012	521,347	1,413,665	—	14,366	1,428,031	924,000 3,600	7 a) 6 b)	500,431	743,544	5 a) 6 b) 6 c)	76,344	a) ordinary sha shares for 192
2	Vereinigte Glanzstoff-Fabriken A. G.	Elberfeld	60,600,000	49,400,000	—	—	—	31. 12. 27	15,269,657	4,707,823	10,561,834	—	169,264	10,731,098	9,180,000* 36,000	18 a) 6 b)	1,515,098	6,982,986	15 a) 6 b)	1,096,986	a) ordinary sha *) on 18,000,000
3	Kammgarnspinnerei Stöhr & Co. A. G.	Leipzig	17,620,000	3,500,000	—	—	—	31. 12. 27	2,278,841	495,507	1,783,334	—	59,804	1,843,138	1,750,000 7,200	10 a) 6 b)	85,938	1,117,004	6 a) 6 b)	59,804	a) ordinary sha
4	Mechanische Weberei zu Linden	Hannover	13,566,000	7,208,345	4,026,250	—	—	31. 12. 27	2,237,585	254,932	1,982,653	—	161,904	2,144,557	1,800,000 3,960	15 a) 6 b)	340,597	1,288,757	15 a) 6 b)	264,797	a) ordinary sha
5	F. H. Hammersen A. G.	Osnabrück	25,000,000	4,000,000	194,651	—	—	31. 12. 27	3,297,022	1,104,547	2,192,475	—	241,962	2,434,437	2,105,000 13,440	10 a) 6 b)	315,997	1,609,961	6 a) 6 b) 6 c)	364,961	a) ordinary sha
6	Bremer Woll-Kämmerei	Blumenthal (Hann.)	10,400,000	3,040,000	—	—	—	31. 12. 27	3,687,690	1,000,037	2,687,653	—	28,885	2,716,538	1,200,000 480,000 24,000	12 a) 12 b) 6 c)	1,012,538	1,524,855	8 a) 8 b) 6 c)	380,855	a) ordinary sha ference share
7	Spinnerei & Weberei Kottern	Kottern	3,000,000	650,000	972,000	—	—	30. 6. 27	617,283	—	617,283	—	54,408	671,691	480,000	16	191,691	499,408	12	139,408	
8	Gladbacher Wollindustrie A. G. vorm. L. Josten	M. Gladbach	4,020,400	497,010	—	—	—	31. 12. 27	1,077,185	356,360	720,825	—	36,680	757,505	500,000 1,224	12,5 a) 6 b)	256,281	297,744	6 a) 6 b)	76,680	a) ordinary sha
9	Baumwollspinnerei Erlangen-Bamberg A. G.	Erlangen	12,000,000	1,946,083	—	—	—	31. 12. 27	2,344,392	961,222	1,383,170	—	72,880	1,456,050	1,200,000	10	256,050	715,243	9 a) 7 b)	125,343	a) ordinary sh
10	Rheinische Textilfabriken A. G.	Elberfeld	5,700,000	161,090	—	—	—	31. 12. 27	473,574	104,002	369,572	—	— *412*	369,160	342,000	6	27,160	— *412*	0	— *412*	
11	J. P. Bemberg A. G.	Barmen	28,000,000	10,000,000	61,940	—	—	30. 9. 27	5,361,663	2,375,259	2,986,404	—	134,574	3,120,978	2,660,000	14	460,978	1,577,426	8	297,426	
12	Bank für Textilindustrie A. G.	Berlin	22,250,000	7,750,000	20,174,526	—	—	31. 12. 27	1,861,600	—	1,861,600	—	98,312	1,959,912	1,600,000 135,000	8 a) 6 b)	224,912	1,932,201	8 a) 6 b)	197,201	a) ordinary sh
13	Baumwollspinnerei Kolbermoor	Kolbermoor (Oberbayern)	5,000,000	1,050,000	56,490	—	—	31. 12. 27	772,284	250,000	522,284	—	12,960	535,244	360,000	12	175,244	272,960	8	32,960	
14	Vereinigte Jute-Spinnereien und Webereien A. G.	Hamburg	15,100,000	1,510,000	21,135,820	—	—	31. 12. 27	1,852,106	742,571	1,109,535	—	— *145,727*	963,808	900,000 18,000*	6 a) 6 b)	45,808	— *145,727*	0 0	— *145,727*	a) ordinary sh *) including b
15	Norddeutsche Wollkämmerei und Kammgarnspinnerei	Bremen	50,000,000	20,000,000	—	—	—	31. 12. 27	10,249,522	4,349,836	5,899,686	—	361,679	6,261,365	6,000,000 22,620	12 a) 12 b)	238,745	3,963,529	10 a) 10 b) 4 c)	361,679	a) ordinary sh ference sha
16	A. G. für Schlesische Leinen-Industrie (vorm. C. G. Kramsta & Söhne)	Freiburg i. Schl.	8,481,000	31,925	—	—	—	31. 12. 27	— *133,329*	466,151	—	599,480	—	— *599,480*	—	0	— *599,480*	— *15,573*	0	— *15,573*	a) RM 5 on or scheine); b)
17	Hanfwerke Füssen-Immenstadt A. G.	Füssen	11,120,000	250,000	181,920	—	—	31. 12. 27	2,070,011	886,960	1,183,051	—	4,508	1,187,559	875,000 7,200	5 a) 6 b)	305,359	861,708	4 a) 6 b)	154,508	
18	Meyer Kauffmann Textilwerke A. G.	Wüstegiersdorf (Bez. Breslau)	7,040,000	704,000	1,746,044	—	—	31. 12. 27	1,155,793	584,256	571,537	—	8,158	579,695	492,800	7	86,895	8,158	0	8,158	
19	Johs. Girmes & Co. A. G.	Oedt (Rhld.)	5,006,000	1,239,194	2,046,800	—	—	31. 12. 27	962,116	199,735	762,381	—	38,729	801,110	705,060 360	15 a) 6 b)	95,690	541,179	10 a) 6 b)	80,819	a) ordinary s
20	Deutsche Wollenwaren Manufaktur A. G.	Grünberg i. Schles.	6,500,000	800,000	2,017,000	—	—	31. 12. 27	463,326	307,123	156,203	—	— *13,374*	142,829	—	0	142,829	— *13,374*	0	— *13,374*	
			323,663,400	114,895,675	54,385,442	70,170,240	3,508,512	—	57,966,662 — *133,329*	19,667,668	38,765,145	599,480	1,499,073 — *159,513*	40,104,705 — *599,480*	33,826,464	—	6,278,241 — *599,480*	23,936,663 — *175,086*	—	3,717,929 — *175,086*	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison: Dividend distributed	Comparison: Balance in hand (3)	Observations
.....	Neusalz (Oder)	13,260,000	1,158,028	1,772,001	—	—	31. 12. 27	1,935,012	521,347	1,413,665	—	14,366	1,428,031	924,000 3,600	7 a) 6 b)	500,431	743,544	5 a) 6 b) 6 c)	76,344	a) ordinary shares; b) preference shares; c) preference shares for 1925.
G.	Elberfeld	60,600,000	49,400,000	—	—	—	31. 12. 27	15,269,657	4,707,823	10,561,834	—	169,264	10,731,098	9,180,000* 36,000	18 a) 6 b)	1,515,098	6,982,986	15 a) 6 b)	1,096,986	a) ordinary shares; b) preference shares. *) on 18,000,000 *RM.* only 9 per cent.
A. G.	Leipzig	17,620,000	3,500,000	—	—	—	31. 12. 27	2,278,841	495,507	1,783,334	—	59,804	1,843,138	1,750,000 7,200	10 a) 6 b)	85,938	1,117,004	6 a) 6 b)	59,804	a) ordinary shares; b) preference shares.
.....	Hannover	13,566,000	7,208,345	4,026,250	—	—	31. 12. 27	2,237,585	254,932	1,982,653	—	161,904	2,144,557	1,800,000 3,960	15 a) 6 b)	340,597	1,288,757	15 a) 6 b)	264,797	a) ordinary shares; b) preference shares.
.....	Osnabrück	25,000,000	4,000,000	194,651	—	—	31. 12. 27	3,297,022	1,104,547	2,192,475	—	241,962	2,434,437	2,105,000 13,440	10 a) 6 b)	315,997	1,609,961	6 a) 6 b) 6 c)	364,961	a) ordinary shares; b) preference shares; c) reserve shares.
.....	Blumenthal (Haun.)	10,400,000	3,040,000	—	—	—	31. 12. 27.	3,687,690	1,000,037	2,687,653	—	28,885	2,716,538	1,200,000 480,000 24,000	12 a) 12 b) 6 c)	1,012,538	1,524,855	8 a) 8 b) 6 c)	380,855	a) ordinary shares; b) bonus shares (Genußscheine); c) preference shares.
.....	Kottern	3,000,000	650,000	972,000	—	—	30. 6. 27	617,283	—	617,283	—	54,408	671,691	480,000	16	191,691	499,408	12	139,408	
orm. L. Josten	M. Gladbach	4,020,400	497,010	—	—	—	31. 12. 27	1,077,185	356,360	720,825	—	36,680	757,505	500,000 1,224	12,5 a) 6 b)	256,281	297,744	6 a) 6 b)	76,680	a) ordinary shares; b) preference shares.
nberg A. G.	Erlangen	12,0 0,000	1,946,083	—	—	—	31. 12. 27	2,314,392	961,222	1,383,170	—	72,880	1,456,050	1,200,000	10	256,050	715,243	9 a) 7 b)	125,343	a) ordinary shares; b) preference shares.
.....	Elberfeld	5,700,000	161,090	—	—	—	31. 12. 27	473,574	104,002	369,572	—	*— 412*	369,160	342,000	6	27,160	*— 412*	0	*— 412*	
.....	Barmen	28,000,000	10,000,000	61,940	—	—	30. 9. 27	5,361,663	2,375,259	2,986,404	—	134,574	3,120,978	2,660,000	14	460,978	1,577,426	8	297,426	
.....	Berlin	22,250,000	7,750,000	20,174,526	—	—	31. 12. 27	1,861,600	—	1,861,600	—	98,312	1,959,912	1,600,000 135,000	8 a) 6 b)	224,912	1,932,201	8 a) 6 b)	197,201	a) ordinary shares; b) preference shares.
.....	Kolbermoor (Oberbayern)	5,000,000	1,050,000	56,490	—	—	31. 12. 27	772,284	250,000	522,284	—	12,960	535,244	360,000	12	175,244	272,960	8	32,960	
l Webereien A. G. ...	Hamburg	15,100,000	1,510,000	21,135,820	—	—	31. 12. 27	1,852,106	742,571	1,109,535	—	*— 145,727*	963,808	900,000 18,000*	6 a) 6 b)	45,808	*— 145,727*	0 0	*— 145,727*	a) ordinary shares; b) preference shares. *) including the years 1925 and 1926.
d Kämmgarnspinnerei	Bremen	50,000,000	20,000,000	—	—	—	31. 12. 27	10,249,522	4,349,836	5,899,686	—	361,679	6,261,365	6,000,000 22,620	12 a) 12 b)	238,745	3,963,529	10 a) 10 b) 4 c)	361,679	a) ordinary shares; b) bonus shares (Genußscheine); c) preference shares. a) *RM* 5 on ordinary shares and *RM* 4 bonus shares (Genußscheine); b) preference shares.
ndustrie (vorm. C. G.	Freiburg i. Schl.	8,481,000	31,925	—	—	—	31. 12. 27	*— 133,329*	466,151	—	599,480	—	*— 599,480*	—	0	*— 599,480*	*— 15,573*	0	*— 15,573*	
A. G.	Füssen	11,120,000	250,000	181,920	—	—	31. 12. 27	2,070,011	886,960	1,183,051	—	4,508	1,187,559	875,000 7,200	5 a) 6 b)	305,359	861,708	4 a) 6 b)	154,508	
A. G.	Wüstegiersdorf (Bez. Breslau)	7,040,000	704,000	1,746,044	—	—	31. 12. 27	1,155,793	584,256	571,537	—	8,158	579,695	492,800	7	86,895	8,158	0	8,158	
.....	Oedt (Rhld.)	5,006,000	1,239,194	2,046,800	—	—	31. 12. 27	962,116	199,735	762,381	—	38,729	801,110	705,060 360	15 a) 6 b)	95,690	541,179	10 a) 6 b)	80,819	a) ordinary shares; b) preference shares.
klur A. G.	Grünberg i. Schles.	6,500,000	800,000	2,017,000	—	—	31. 12. 27	463,326	307,123	156,203	—	*— 13,374*	142,829	—	0	142,829	*— 13,374*	0	*— 13,374*	
		323,663,400	114,895,675	54,385,442	70,170,240	3,508,512	—	57,966,662 *— 133,329*	19,667,668	38,765,145	599,480	1,499,073 *— 159,513*	40,104,705 *— 599,480*	33,826,464	—	6,278,241 *— 599,480*	23,936,663 *— 175,086*	—	3,717,929 *— 175,086*	

placed to reserve for various purposes.
ern after deduction of costs and charges of every kind, including the industrial charge.
ed for welfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison with the business year 1925-26 or 1926: Dividend distributed	Comparison with the business year 1925-26 or 1926: Balance in hand (3)	
			323,663,400	114,895,675	54,385,442	70,170,240	3,508,512	—	57,966,662 *— 133,329*	19,667,668	38,765,145	599,480	1,499,073 *— 159,513*	40,104,705 *— 599,480*	33,826,464	—	6,278,241 *— 599,480*	23,936,663 *— 175,086*	—	3,717,929 *— 175,086*	
21	Falkensteiner Gardinen Weberei und Bleicherei	Falkenstein i. V.	4,000,000	280,000	—	—	—	31. 12. 27	699,632	257,220	442,412	—	25,110	467,522	162,000 14,000 168,000c)	6a) 7b)	123,522	414,110	5a) 7b) c)	125,110	a) ordinary shares (Genußscheine)
22	Spinnerei u. Weberei Pfersee	Augsburg	3,200,000	1,340,000	38,648	—	—	31. 12. 27	1,385,844	460,866	924,978	—	33,575	958,553	448,000	14	510,553	597,575	12	213,575	
23	Chemnitzer Actien-Spinnerei	Chemnitz	3,005,000	—	2,000,000	—	—	31. 12. 27	497,576	202,303	295,273	—	*— 1,390,326*	*— 1,095,053*	—	0a) 0b)	*— 1,095,053*	*— 1,765,826*	0a) 0b)	*— 1,390,326*	a) ordinary shares
24	Carl Mez & Söhne A. G.	Freiburg i. Br.	6,000,000	616,766	34,215	—	—	31. 12. 27	395,511	152,447	243,064	—	149,838	392,902	240,000	4	152,902	149,838	0	149,838	
25	Vereinigte Märkische Tuchfabriken A. G.	Berlin	4,600,000	467,000	372,460	—	—	31. 12. 27	735,133	163,831	571,302	—	*— 187,116*	384,186	315,000 6,242	7a) 6b)	62,944	*— 187,116*	0a) 0b)	*— 187,116*	a) ordinary shares
			344,468,400	117,599,441	56,830,765	75,434,480	3,771,724	—	61,680,358 *— 133,329*	20,904,335	41,242,174	599,480	1,707,596 *— 1,736,955*	42,307,868 *— 1,694,533*	35,179,706	10,21	7,128,162 *— 1,694,533*	25,598,186 *— 2,128,028*	7,31	4,266,452 *— 1,752,528*	
			344,468,400	117,599,441	56,830,765	75,434,480	3,771,724	—	61,547,029	20,904,335	41,242,174	599,480	— 29,359	40,613,335	35,179,706	10,21	5,433,629	22,970,158	7,31	2,453,924	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business year 1925-26 or 1926			Observations
					Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
		323,663,400	114,895,675	54,385,442	70,170,240	3,508,512	—	57,966,662 *— 133,329*	19,667,668	38,765,145	599,480	1,499,073 *— 159,513*	40,104,705 *— 599,480*	33,826,464	—	6,278,241 *— 599,480*	23,936,663 *— 175,086*	—	3,717,929 *— 175,086*	
Bleicherei	Falkenstein i. V.	4,000,000	280,000	—	—	—	31. 12. 27	699,632	257,220	442,412	—	25,110	467,522	162,000 14,000 168,000c)	6a) 7b)	123,522	414,110	5a) 7b) c)	125,110	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
.....	Augsburg	3,200,000	1,340,000	38,648	—	—	31. 12. 27	1,385,844	460,866	924,978	—	33,575	958,553	448,000	14	510,553	597,575	12	213,575	
.....	Chemnitz	3,005,000	—	2,000,000	—	—	31. 12. 27	497,576	202,303	295,273	—	*— 1,390,326*	*— 1,095,053*	— —	0a) 0b)	*— 1,095,053*	*— 1,765,826*	0a) 0b)	*— 1,390,326*	a) ordinary shares; b) preference shares.
.....	Freiburg i. Br.	6,000,000	616,766	34,215	—	—	31. 12. 27	395,511	152,447	243,064	—	149,838	392,902	240,000	4	152,902	14 9,838	0	149,838	
G.	Berlin	4,600,000	467,000	372,460	—	—	31. 12 27	735,133	163,831	571,302	—	*— 187,116*	384,186	315,000 6,242	7a) 6b)	62,944	*— 187,116*	0a) 0b)	*— 187,116*	a) ordinary shares; b) preference shares.
		344,468,400	117,599,441	56,830,765	75,434,480	3,771,724	—	61,680,358 *— 133,329*	20,904,335	41,242,174	599,480	1,707,596 *— 1,736,955*	42,307,868 *— 1,694,533*	35,179,706	10,21	7,128,162 *— 1,694,533*	25,098,186 *— 2,128,028*	7,31	4,206,452 *— 1,752,528*	
		344,468,400	117,599,441	56,830,765	75,434,480	3,771,724	—	61,547,029	20,904,335	41,242,174	599,480	*— 29,359*	40,613,335	35,179,706	10,21	5,433,629	22,970,158	7,31	2,453,924	

to reserve for various purposes.
r deduction of costs and charges of every kind, including the industrial charge.
elfare and relief funds, placed to reserve or otherwise employed.

VIII. Miscellaneous Industries.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927										Comparison with the business for 1925-26 or 1926		
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)
1	Thüringer Gasgesellschaft	Leipzig	30,820,000	6,600,000	985,502	—	—	31. 12. 27	3,931,098	1,200,000	2,731,098	—	65,422	2,796,520	2,416,862 1,800	9a) 9b)	377,858	2,503,246	8 a) 8 b)	365,422
2	Feldmühle Papier- und Zellstoffwerke A. G.	Stettin	12,755,000	1,704,500	6,623,225	—	—	31. 12. 27	3,015,324	1,467,891	1,547,433	—	110,810	1,658,243	1,500,000 11,700 16,080	12a) 6b) 6c)	130,463	1,431,607	12 a) 6 b) 6 c)	110,810
3	Varziner Papierfabrik	Hammermühle	5,000,000	500,000	247,686	—	—	31. 12. 27	1,200,535	650,343	550,192	—	25,381	575,573	480,000 12,000	10a) 6b)	83,573	463,214	8 a) 6 b)	67,214
4	Peters Union Aktiengesellschaft	Frankfurt a. M.	9,160,000	1,016,000	4,913,000	—	—	30. 9. 27	1,640,356	775,883	864,523	—	234,327	1,098,850	720,000 11,200	8a) 7b)	367,650	1,025,527	8 a) 7 b)	334,327
5	Conrad Tack & Cie. A.-G.	Burg bei Magdeburg	5,300,000	770,000	266,450	—	—	31. 12. 27	859,557	419,773	439,784	—	95,631	535,415	369,600 1,200	7a) 6b)	164,615	472,631	6 a) 6 b)	154,631
6	A.G. der Gerresheimer Glashüttenwerke vorm. Ferd. Heye	Düsseldorf	9,800,000	113,580	1,260,000	—	—	31. 12. 27	1,336,931	350,134	986,797	—	—	986,797	691,200 12,000	8a) 6b)	283,597	725,698	7 a) 6 b)	41,698
7	Continental-Caoutchouc- und Gutta-Percha-Compagnie	Hannover	40,100,000	4,985,000	20,355,966	—	—	31. 12. 27	4,072,480	1,747,149	2,325,331	—	332,268	2,657,599	2,040,000† 10,000*	6a) 5b)	607,599	353,888	0 a) 0 b)	
8	J. Sigle & Co. Schuhfabriken A. G.	Kornwestheim	14,000,000	2,500,000	—	—	—	31. 12. 27	4,932,043	1,704,173	3,227,870	—	493,962	3,721,832	1,960,000	14	1,761,832	3,653,962	14	1,693,962
9	Aktiengesellschaft für Zellstoff- und Papierfabrikation	Aschaffenburg	14,400,000	1,440,000	31,756	—	—	31. 12. 27	2,907,500	1,150,000	1,757,500	—	254,745	2,012,245	1,728,000	12	284,245	1,694,745	10	254,745
10	Harburger Gummiwaren-Fabrik Phönix A. G.	Harburg	7,205,000	1,663,077	651,356	—	—	31. 12. 27	1,128,451	446,304	682,147	—	40,803	722,950	— 300	0a) 6b)	722,650	843,988	6 a) 6 b)	411,688
11	Christoph & Unmack A. G.	Niesky O. L.	8,000,000	200,000	105,031	—	—	31. 10. 27	843,069	504,090	338,979	—	17,285	356,264	—	0	356,264	217,284	0	217,284
12	Stader Lederfabrik A. G.	Stade	3,600,000	360,000	—	—	—	31. 12. 27	470,231	122,231	348,000	—	36,786	384,786	306,000	8½	78,786	281,540	6	65,540
13	Lederfabrik Hirschberg vorm. Heinrich Knoch & Co.	Hirschberg a. S.	8,000,000	1,100,000	—	—	—	31. 12. 27	1,284,494	387,701	896,793	—	46,244	943,037	480,000	6	463,037	726,244	6	246,244
14	Vereinigte Schuhfabriken Berneis-Wessels A. G.	Augsburg-Nürnberg	6,380,000	750,000	13,586	—	—	31. 12. 27	1,036,655	324,574	712,081	—	— *226,016*	486,065	382,800	6	103,265	— *226,016*	0	— *226,016*
15	Stettiner Oelwerke A. G.	Züllchow b. Stettin	5,400,000	540,000	—	—	—	31. 12. 27	919,457	518,564	400,893	—	4,942	405,835	378,000	7	27,835	281,491	5	11,491
16	Adler & Oppenheimer A. G.	Berlin	15,000,000	2,004,225	109,878	—	—	30. 6. 27	1,430,210	572,548	857,662	—	211,223	1,068,885	900,000	6	168,885	361,223	0	361,223
17	Carl Lindström A. G.	Berlin	7,000,000	2,000,000	—	—	—	31. 12. 27	2,516,781	1,161,930	1,354,851	—	118,813	1,473,664	1,050,000	15	423,664	963,247	10	263,247
18	Rheinische Spiegelglasfabrik	Eckamp bei Ratingen	6,000,000	900,000	—	—	—	31. 12. 27	1,112,561	339,082	773,479	—	97,807	871,286	720,000	12	151,286	860,675	12	140,675
19	Porzellanfabrik Ph. Rosenthal & Co. A. G.	Berlin	6,050,000	698,765	2,332	—	—	31. 12. 27	773,632	454,288	319,344	—	247,006	566,350	334,299 2,640	7a) 6b)	229,411	508,430	5 a) 6 b)	267,005
20	Deutsche Continental-Gas-Gesellschaft	Dessau	75,000,000	57,585,327	2,124,822	—	—	31. 12. 27	7,786,144	1,800,000	5,986,144	—	501,482	6,487,626	6,000,000	8	487,626	5,310,487	8	771,687
21	Aktiengesellschaft für Lederfabrikation	München	2,405,400	—	61,200	—	—	30. 6. 27	308,862	56,748	252,114	—	— *243,759*	8,355	—	0	8,355	— *243,759*	0	— *243,759*
22	Deutsche Linoleum-Unternehmungen A. G. in Delmenhorst	Delmenhorst	11,250,000	1,750,000	—	—	—	31. 12. 27	5,369,281	3,838,670	1,530,611	—	339,719	1,870,330	1,687,500	15	182,830	2,227,219	15	539,719
23	Kötitzer Ledertuch- und Wachstuch-Werke A. G.	Kötitz bei Coswig	4,720,000	1,216,780	54,761	—	—	31. 12. 27	820,235	201,399	618,836	—	54,359	673,195	506,000 15,000	11a) 12½b)	152,195	431,653	8 a) 11 b)	98,453
24	Bleistiftfabrik v. Johann Faber A. G.	Nürnberg	5,626,000	85,000	177,460	—	—	31. 12. 27	261,785	218,669	43,116	—	92,192	135,308	— 1,560	0a) 6b)	133,748	103,752	0 a) 6 b)	102,192
25	Deutsche Linoleum-Werke A. G.	Berlin	26,652,500	6,000,000	20,045,000	—	—	31. 12. 27	6,951,251	2,919,889	4,031,362	—	404,340	4,435,702	3,993,000 1,950	15a) 6b)	440,752	4,399,290	15 a) 6 b)	749,340
26	Ammendorfer Papierfabrik	Ammendorf bei Halle a. S.	4,036,000	412,920	—	—	—	30. 6. 27	892,551	255,000	637,551	—	82,221	719,772	600,000 3,000 b)	15a)	116,772	565,221	12 —	82,221
27	Aktiengesellschaft für Glasindustrie vorm. Friedr. Siemens	Dresden	10,200,000	3,028,452	360,000	—	—	31. 12. 27	1,554,768	571,615	983,153	—	23,524	1,006,677	900,000 12,000	9a) 6b)	94,677	895,524	8 a) 6 b)	83,524
28	Frankfurter Gasgesellschaft A. G.	Frankfurt a. M.	25,000,000	2,195,405	10,894,003	—	—	31. 12. 27	2,565,300	1,067,425	1,497,875	—	88,543	1,586,418	1,350,000	6	236,418	1,634,789	7	234,789
			378,859,900	102,119,031	69,283,014	66,033,460	3,301,673	—	61,921,542	25,226,023	36,695,519	—	4,019,835 — *469,775*	40,245,579	31,605,691	—	8,639,888	32,936,575 — *469,775*	—	8,223,019 — *469,775*

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

VIII. Miscellaneous Industries.

	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Comparison with the business year 1925-26 or 1926: Net profit plus balance brought forward	Comparison: Dividend distributed	Comparison: Balance in hand (3)	Observations
.....	Leipzig	30,820,000	6,600,000	985,502	—	—	31. 12. 27	3,931,098	1,200,000	2,731,098	—	65,422	2,796,520	2,416,862	9a)	377,858	2,503,246	8 a)	365,422	a) ordinary shares; b) preference shares.
														1,800	9b)			8 b)		
e A. G.....	Stettin	12,755,000	1,704,500	6,623,225	—	—	31. 12. 27	3,015,324	1,467,891	1,547,433	—	110,810	1,658,243	1,500,000	12a)	130,463	1,431,607	12 a)	110,810	a) ordinary shares; b) preference shares; c) bonus shares (Genußscheine).
														11,700	6b)			6 b)		
														16,080	6c)			6 c)		
.....	Hammermühle	5,000,000	500,000	247,686	—	—	31. 12. 27	1,200,535	650,343	550,192	—	25,381	575,573	480,000	10a)	83,573	463,214	8 a)	67,214	a) ordinary shares; b) preference shares.
														12,000	6b)			6 b)		
.....	Frankfurt a. M.	9,160,000	1,016,000	4,913,000	—	—	30. 9. 27	1,640,356	775,833	864,523	—	234,327	1,098,850	720,000	8a)	367,650	1,025,527	8 a)	534,327	a) ordinary shares; b) preference shares.
														11,200	7b)			7 b)		
.....	Burg bei Magdeburg	5,300,000	770,000	266,450	—	—	31. 12. 27	859,557	419,773	439,784	—	95,631	535,415	369,600	7a)	164,615	472,631	6 a)	154,631	a) ordinary shares; b) preference shares.
														1,200	6b)			6 b)		
e vorm. Ferd. Heye	Düsseldorf	9,800,000	113,580	1,260,000	—	—	31. 12. 27	1,336,931	350,134	986,797	—	—	986,797	691,200	8a)	283,597	725,698	7 a)	41,698	a) ordinary shares; b) preference shares.
														12,000	6b)			6 b)		
rcha-Compagnie.	Hannover	40,100,000	4,985,000	20,355,966	—	—	31. 12. 27	4,072,480	1,747,149	2,325,331	—	332,268	2,657,599	2 040,000†	6a)	607,599	353,888	0 a)		a) ordinary shares; b) preference shares. † on 34,000,000 *RM.* only. * including the dividend for 1926.
														10,000*	5b)			0 b)		
.....	Kornwestheim	14,000,000	2,500,000	—	—	—	31. 12. 27	4,932,043	1,704,173	3,227,870	—	493,962	3,721,832	1,960,000	14	1,761,832	3,653,962	14	1,693,962	
Papierfabrikation	Aschaffenburg	14,400,000	1,440,000	31,756	—	—	31. 12. 27	2,907,500	1,150,000	1,757,500	—	254,745	2,012,245	1,728,000	12	284,245	1,694,745	10	254,745	
nix A. G.....	Harburg	7,205,000	1,663,077	651,356	—	—	31. 12. 27	1,128,451	446,304	682,147	—	40,803	722,950	—	0a)	722,650	843,988	6 a)	411,688	a) ordinary shares; b) preference shares.
														300	6b)			6 b)		
.....	Niesky O. L.	8,000,000	200,000	105,031	—	—	31. 10. 27	843,069	504,090	338,979	—	17,285	356,264	—	0	356,264	217,284	0	217,284	
.....	Stade	3,600,000	360,000	—	—	—	31. 12. 27	470,231	122,231	348,000	—	36,786	384,786	306,000	8½	78,786	281,540	6	65,540	
ch Knoch & Co..	Hirschberg a. S.	8,000,000	1,100,000	—	—	—	31. 12. 27	1,284,494	387,701	896,793	—	46,244	943,037	480,000	6	463,037	726,244	6	246,244	
ssels A. G.....	Augsburg-Nürnberg	6,380,000	750,000	13,586	—	—	31. 12. 27	1,036,655	324,574	712,081	—	— *226,016*	486,065	382,800	6	103,265	— *226,016*	0	— *226,016*	
.....	Züllchow b. Stettin	5,400,000	540,000	—	—	—	31. 12. 27	919,457	518,564	400,893	—	4,942	405,835	378,000	7	27,835	281,491	5	11,491	
.....	Berlin	15,000,000	2,004,225	109,878	—	—	30. 6. 27	1,430,210	572,548	857,662	—	211,223	1,068,885	900,000	6	168,885	361,223	0	361,223	
.....	Berlin	7,000,000	2,000,000	—	—	—	31. 12. 27	2,516,781	1,161,930	1,354,851	—	118,813	1,473,664	1,050,000	15	423,664	963,247	10	263,247	
.....	Eckamp bei Ratingen	6,000,000	900,000	—	—	—	31. 12. 27	1,112,561	339,082	773,479	—	97,807	871,286	720,000	12	151,286	860,675	12	140,675	
A. G.....	Berlin	6,050,000	698,765	2,332	—	—	31. 12. 27	773,632	454,288	319,344	—	247,006	566,350	334,299	7a)	229,411	508,430	5 a)	267,005	
														2,640	6b)			6 b)		
H.....	Dessau	75,000,000	57,585,327	2,124,822	—	—	31. 12. 27	7,786,144	1,800,000	5,986,144	—	501,482	6,487,626	6,000,000	8	487,626	5,310,487	8	771,687	
m.....	München	2,405,400	—	61,200	—	—	30. 6. 27	308,862	56,748	252,114	—	— *243,759*	8,355	—	0	8,355	— *243,759*	0	— *243,759*	
A. G. in Delmen-																				
.....	Delmenhorst	11,250,000	1,750,000	—	—	—	31. 12. 27	5,369,281	3,838,670	1,530,611	—	339,719	1,870,330	1,687,500	15	182,830	2,227,219	15	539,719	a) ordinary shares; b) preference shares.
erke A. G.....	Kötitz bei Coswig	4,720,000	1,216,780	54,761	—	—	31. 12. 27	820,235	201,399	618,836	—	54,359	673,195	506,000	11a)	152,195	431,653	8 a)	98,453	
														15,000	12½b)			11 b)		a) ordinary shares; b) preference shares.
.....	Nürnberg	5,626,000	85,000	177,460	—	—	31. 12. 27	261,785	218,669	43,116	—	92,192	135,308	—	0a)	133,748	103,752	0 a)	102,192	
														1,560	6b)			6 b)		a) ordinary shares; b) preference shares.
.....	Berlin	26,652,500	6,000,000	20,045,000	—	—	31. 12. 27	6,951,251	2,919,889	4,031,362	—	404,340	4,435,702	3,993,000	15a)	440,752	4,399,290	15 a)	749,340	
														1,950	6b)			6 b)		a) ordinary shares; b) 3 *RM.* per preference share.
.....	Ammendorf bei Halle a. S.	4,036,000	412,920	—	—	—	30. 6. 27	892,551	255,000	637,551	—	82,221	719,772	600,000	15a)	116,772	565,221	12	82,221	
e vorm. Friedr.														3,000 b)				—		
.....	Dresden	10,200,000	3,028,452	360,000	—	—	31. 12. 27	1,554,768	571,615	983,153	—	23,524	1,006,677	900,000	9a)	94,677	895,524	8 a)	83,524	a) ordinary shares; b) preference shares.
														12,000	6b)			6 b)		
.....	Frankfurt a. M.	25,000,000	2,195,405	10,894,003	—	—	31. 12. 27	2,565,300	1,067,425	1,497,875	—	88,543	1,586,418	1,350,000	6	236,418	1,634,789	7	234,789	
		378,859,900	102,119,031	69,283,014	66,033,460	3,301,673	—	61,921,542	25,226,023	36,695,519	—	4,019,835	40,245,579	31,605,691	—	8,639,888	32,936,575	—	8,223,019	
												— *469,775*					— *469,775*		— *469,775*	

d to reserve for various purposes.
fter deduction of costs and charges of every kind, including the industrial charge.
welfare and relief funds, placed to reserve or otherwise employed.

Serial number	Concerns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge		Balance sheet results for 1926-27 or 1927													
						Debenture capital	Annuity	Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	
			378,859,900	102,119,031	69,283,014	66,033,460	3,301,673	—	61,921,542	25,226,023	36,695,519	—	4,019,835 *— 469,775*	40,245,579	31,605,691	—	8,639,888	32,936,575 *— 469,775*	—	8,233,019 *— 469,775*	
29	Matth. Hohner A. G.	Trossingen	6,000,000	1,839,995	3,600	—	—	31. 12. 27	874,266	332,345	541,921	—	127,580	669,501	480,000	8	189,501	619,580	8	139,580	
30	Zeiss Ikon A.-G.	Dresden	12,600,000	2,260,000	4,838,285	—	—	30. 9. 27	830,543	518,633	311,910	—	142,660	454,570	—	0	454,570	142,660	0	142,660	
31	Porzellanfabrik Lorenz Hutschenreuther A. G.	Selb/Bayern	9,076,000	907,600	253,617	—	—	30. 6. 27	753,503	238,663	514,840	—	57,194	572,034	512,000 4,560	8 a) 6 b)	55,474	290,114	8 a) 6 b)	57,194	a) ordinary shares,
32	Verein deutscher Oelfabriken	Mannheim	6,800,000	373,772	—	—	—	31. 12. 27	663,578	281,692	381,886	—	301,676	683,562	340,000	5	343,562	662,899	5	322,899	
33	Eduard Lingel Schuhfabrik A. G.	Erfurt	3,840,000	201,062	14,804	—	—	30. 6. 27	265,163	99,311	165,852	—	24,447	190,299	152,000 8,400	4 a) 7 b)	29,899	24,447	0 a) 0 b)	24,447	a) ordinary shares,
34	Natronzellstoff- und Papierfabriken A. G.	Berlin	6,500,000	1,336,258	3,164,029	—	—	31. 12. 27	1,251,867	582,156	669,711	—	4,152	673,863	584,500	10	89,363	615,818	10	65,818	
35	Hannoversche Gummiwerke Excelsior A. G.	Hannover-Limmer	6,000,000	600,000	76,396	—	—	31. 12. 27	911,137	389,448	521,689	—	—	521,689	360,000	6	161,689	*— 890,272*	0	*— 890,272*	:
36	München-Dachauer Papierfabriken A. G.	München	3,010,000	—	2,802,077	—	—	31. 12. 27	1,336,755	404,062	932,693	—	*— 260,320*	672,373	180,000 600	6 a) 6 b)	491,773	*— 260,320*	0 a) 0 b)	*— 260,320*	a) ordinary shares,
37	Porzellanfabrik Kahla	Kahla i. Sa.	9,093,000	909,300	1,878,131	—	—	31. 12. 27	1,235,079	587,302	647,777	—	290,160	937,937	528,612 5,580	7 a) 6 b)	403,745	311,305	0 a) 6 b)	305,725	a) ordinary shares,
38	Georg A. Jasmatzi A. G.	Dresden	8,950,000	—	210,206	—	—	31. 12. 27	1,284,085	256,265	1,027,820	—	*— 146,942*	880,878	417,000 300,000*	6 a) 5 b)	163,878	*— 1,041,942*	0 a) 0 b)	*— 1,041,942*	a) ordinary shares, * including the div
39	Berlin-Gubener Hutfabrik A. G. vormals A. Cohn	Guben	5,250,000	1,300,000	10,000	—	—	31. 12. 27	1,746,402	462,000	1,284,402	—	78,357	1,362,759	840,000	16	522,759	1,271,907	16	431,907	
40	Polyphonwerke A. G.	Leipzig-Wahren	10,060,000	1 919,950	333,689	—	—	31. 12. 27	2,243,479	215,876	2,027,603	—	19,231	2,046,834	1,400,000 8,400	14 a) 14 b)	638,434	797,261	9 a) 9 b)	71,861	a) ordinary shares,
41	Vereinigte Lausitzer Glas Werke A. G.	Berlin und Weißwasser O. L.	9,000,000	145,666	233,563	—	—	31. 12. 27	734,774	136,923	597,851	—	34,976	632,827	540,000	6	92,827	1,005,238	9	195,238	
42	Papierfabrik Reisholz A. G.	Düsseldorf	6,180,000	618,000	113,707	—	—	30. 6. 27	1,291,722	490,842	800,880	—	33,643	834,523	720,000 10,800	12 a) 6 b)	103,723	820,817	12 a) 6 b)	90,017	a) ordinary shares,
43	Reemtsma A. G.	Altona-Bahrenfeld	4,250,000	1,308,838	72,364	—	—	31. 12. 27	1,115,844	685,413	430,431	—	246,419	676,850	375,000 35,000	10 a) 7 b)	266,850	246,419	0 a) 0 b)	246,419	a) ordinary shares,
44	A. G. für Cartonnagenindustrie	Dresden-Loschwitz	5,050,000	650,000	—	—	—	31. 12. 27	539,260	178,278	360,982	—	38,757	399,739	350,000 3,000	7 a) 6 b)	46,739	422,310	7 a) 6 b)	69,310	a) ordinary shares,
45	A. Batschari Cigarettenfabrik A. G.	Baden-Baden	3,500,000	116,323	319,941	—	—	31. 12. 27	435,584	420,377	15,207	—	12,271	27,478	—	0	27,478	12,271	0	12,271	
46	New-York Hamburger Gummi-Waaren Compagnie	Hamburg	5,000,000	850,000	118,050	—	—	31. 12. 27	991,276	280,328	710,948	—	17,680	728,628	550,000	11	178,628	567,680	10	67,680	
47	Vereinigte Pinsel-Fabriken	Nürnberg	4,812,000	160,000	—	—	—	31. 12. 27	262,275	51,370	210,905	—	12,020	222,925	192,000 840	4 a) 7 b)	30,085	225,060	4 a) 7 b)	32,220	a) ordinary shares,
48	J. Brüning & Sohn A. G.	Potsdam	3,600,000	210,000	4,549,362	—	—	31. 12. 27	674,071	256,682	417,389	—	15,439	432,828	324,000	9	108,828	348,274	8	60,274	
49	»Keramag« Keramische Werke A. G.	Bonn	4,000,000	861,410	350	—	—	31. 12. 27	1,128,555	346,500	782,055	—	161,058	943,113	600,000	15	343,113	639,058	10	239,058	
50	Patentpapierfabrik zu Penig	Penig	3,600,000	500,000	1,732	—	—	30. 6. 27	513,708	240,000	273,708	—	19,252	292,960	252,000	7	40,960	271,252	7	19,252	
			515,030,900	118,187,205	88,276,917	96,824,050	4,841,202	—	83,004,468	32,680,489	50,323,979	—	5,656,807 *— 877,037*	55,103,749	41,679,983	8,09	13,423,766	42,230,945 *— 2,662,249*	6,53	10,816,849 *— 2,662,249*	
			515,030,900	118,187,205	88,276,917	96,824,050	4,841,202	—	83,004,468	32,680,489	50,323,979	—	4,779,770	55,103,749	41,679,983	8,09	13,423,766	39,568,696	6,53	8,154,600	

(1) Statutory reserves and sums placed to reserve for various purposes.
(2) Profit realised by each concern after deduction of costs and charges of every kind, including the industrial charge.
(3) Directors' fees, sums intended for welfare and relief funds, placed to reserve or otherwise employed.

E

ns	Registered office	Nominal capital	Reserves (1)	Bonds and mortgages	Reparation charge: Debenture capital	Reparation charge: Annuity	Balance sheet results for 1926-27 or 1927: Date of balance sheet	Operating profits (2)	Amortisation effected	Net profit on the business year	Loss on the business year	Brought forward from the preceding business year	Net profit plus balance brought forward	Dividend distributed	Percentage	Balance in hand (3)	Net profit plus balance brought forward	Dividend distributed	Balance in hand (3)	Observations
		378,859,900	102,119,031	69,283,014	66,033,460	3,301,673	—	61,921,542	25,226,023	36,695,519	—	4,019,835 *— 469,775*	40,245,579	31,605,691	—	8,639,888	32,936,575 *— 469,775*	—	8,233,019 *— 469,775*	
.....	Trossingen	6,000,000	1,839,995	3,600	—	—	31. 12. 27	874,266	332,345	541,921	—	127,580	669,501	480,000	8	189,501	619,580	8	139,580	
.....	Dresden	12,600,000	2,260,000	4,838,285	—	—	30. 9. 27	830,543	518,633	311,910	—	142,660	454,570	—	0	454,570	142,660	0	142,660	
henreuther A. G.	Selb/Bayern	9,076,000	907,600	253,617	—	—	30. 6. 27	753,503	238,663	514,840	—	57,194	572,034	512,000 4,560	8 a) 6 b)	55,474	290,114	8 a) 6 b)	57,194	a) ordinary shares; b) preference shares.
.....	Mannheim	6,800,000	373,772	—	—	—	31. 12. 27	663,578	281,692	381,886	—	301,676	683,562	340,000	5	343,562	662,899	5	322,899	
. G.	Erfurt	3,840,000	201,062	14,804	—	—	30. 6. 27	265,163	99,311	165,852	—	24,447	190,299	152,000 8,400	4 a) 7 b)	29,899	24,447	0 a) 0 b)	24,447	a) ordinary shares; b) preference shares.
riken A. G.	Berlin	6,500,000	1,336,258	3,164,029	—	—	31. 12. 27	1,251,867	582,156	669,711	—	4,152	673,863	584,500	10	89,363	615,818	10	65,818	
Excelsior A. G.	Hannover-Limmer	6,000,000	600,000	76,396	—	—	31. 12. 27	911,137	389,448	521,689	—	—	521,689	360,000	6	161,689	*— 890,272*	0	*— 890,272*	
riken A. G.	München	3,010,000	—	2,802,077	—	—	31. 12. 27	1,336,755	404,062	932,693	—	*— 260,320*	672,373	180,000 600	6 a) 6 b)	491,773	*— 260,320*	0 a) 0 b)	*— 260,320*	a) ordinary shares; b) preference shares.
.....	Kahla i. Sa.	9,093,000	909,300	1,878,131	—	—	31. 12. 27	1,235,079	587,302	647,777	—	290,160	937,937	528,612 5,580	7 a) 6 b)	403,745	311,305	0 a) 6 b)	305,725	a) ordinary shares; b) preference shares.
.....	Dresden	8,950,000	—	210,206	—	—	31. 12. 27	1,284,085	256,265	1,027,820	—	*— 146,942*	880,878	417,000 300,000°	6 a) 5 b)	163,878	*— 1,041,942*	0 a) 0 b)	*— 1,041,942*	a) ordinary shares; b) preference shares. ° including the dividends for 1925 and 1926.
G. vormals A. Cohn	Guben	5,250,000	1,300,000	10,000	—	—	31. 12. 27	1,746,402	462,000	1,284,402	—	78,357	1,362,759	840,000	16	522,759	1,271,907	16	431,907	
.....	Leipzig-Wahren	10,060,000	919,950	333,689	—	—	31. 12. 27	2,243,479	215,876	2,027,603	—	19,231	2,046,834	1,400,000 8,400	14 a) 14 b)	638,434	797,261	9 a) 9 b)	71,861	a) ordinary shares; b) preference shares.
rke A. G.	Berlin und Weißwasser O. L.	9,000,000	145,666	233,563	—	—	31. 12. 27	734,774	136,923	597,851	—	34,976	632,827	540,000	6	92,827	1,005,238	9	195,238	
.....	Düsseldorf	6,180,000	618,000	113,707	—	—	30. 6. 27	1,291,722	490,842	800,880	—	33,643	834,523	720,000 10,800	12 a) 6 b)	103,723	820,817	12 a) 6 b)	90,017	a) ordinary shares; b) preference shares.
.....	Altona-Bahrenfeld	4,250,000	1,308,838	72,364	—	—	31. 12. 27	1,115,844	685,413	430,431	—	246,419	676,850	375,000 35,000	10 a) 7 b)	266,850	246,419	0 a) 0 b)	246,419	a) ordinary shares; b) preference shares.
ie	Dresden-Loschwitz	5,050,000	650,000	—	—	—	31. 12. 27	539,260	178,278	360,982	—	38,757	399,739	350,000 3,000	7 a) 6 b)	46,739	422,310	7 a) 6 b)	69,310	a) ordinary shares; b) preference shares.
. A. G.	Baden-Baden	3,500,000	116,323	319,941	—	—	31. 12. 27	435,584	420,377	15,207	—	12,271	27,478	—	0	27,478	12,271	0	12,271	
i-Waaren Compagnie ...	Hamburg	5,000,000	850,000	118,050	—	—	31. 12. 27	991,276	280,328	710,948	—	17,680	728,628	550,000	11	178,628	567,680	10	67,680	
.....	Nürnberg	4,812,000	160,000	—	—	—	31. 12. 27	262,275	51,370	210,905	—	12,020	222,925	192,000 840	4 a) 7 b)	30,085	225,060	4 a) 7 b)	32,220	a) ordinary shares; b) preference shares.
.....	Potsdam	3,600,000	210,000	4,549,362	—	—	31. 12. 27	674,071	256,682	417,389	—	15,439	432,828	324,000	9	108,828	348,274	8	60,274	
ke A. G.	Bonn	4,000,000	861,410	350	—	—	31. 12. 27	1,128,555	346,500	782,055	—	161,058	943,113	600,000	15	343,113	639,058	10	239,058	
.....	Penig	3,600,000	500,000	1,732	—	—	30. 6. 27	513,708	240,000	273,708	—	19,252	292,960	252,000	7	40,960	271,252	7	19,252	
		515,030,900	118,187,205	88,276,917	96,824,050	4,841,202	—	83,004,468	32,680,489	50,323,979	—	5,656,807 *— 877,037*	55,103,749	41,679,983	8.09	13,423,766	42,230,945 *— 2,662,249*	6.53	10,816,849 *— 2,662,249*	
		515,030,900	118,187,205	88,276,917	96,824,050	4,841,202	—	83,004,468	32,680,489	50,323,979	—	4,779,770	55,103,749	41,679,983	8.09	13,423,766	39,568,696	6.53	8,154,600	

ms placed to reserve for various purposes.
ncern after deduction of costs and charges of every kind, including the industrial charge.
ded for welfare and relief funds, placed to reserve or otherwise employed.

Annex V.

Indices of Industrial Activity.

A. Monthly Statistics which served as a basis for the calculation of the simple Indices;

B. Coefficients of seasonal variations;

C. Simple Indices and general Index of industrial activity.

A. Monthly Statistics which served as a basis for the calculation of the simple Indices.

Month	Extraction of Coal in thousands of tons	Extraction of Lignite in thousands of tons	Sales of the Potash Syndicate in tons of pure potash	Output of Crude Pig-Iron in tons	Output of Crude Steel in tons	Output of Rolled Products in tons	Net imports of Raw Copper in tons	Net imports of Raw Cotton in tons	Net imports of Raw Wool in tons	Raw Leather: Hides of slaughtered animals (Beschaupflichtige Schlachtungen) in tons	Raw Leather: Net imports of Raw Hides in tons	Net imports of Raw Rubber in tons	Number of building licences issued
1924													
September	11,388	10,840	127,171	696,744	866,409	710,933	6,854	9,026	1,971	9,064	7,737	1,930	—
October	11,943	11,975	78,711	759,193	939,611	779,899	16,200	23,815	3,703	9,896	11,240	2,351	—
November	10,688	11,498	74,065	786,019	968,617	812,467	15,067	24,684	3,766	9,090	14,275	3,419	—
December	11,233	12,335	84,818	872,971	1,049,195	880,284	21,386	42,912	7,997	10,424	17,922	3,737	—
1925													
January	11,929	12,375	165,995	900,849	1,180,915	982,062	25,371	47,701	14,327	9,436	18,703	5,551	1,595
February	10,535	11,153	202,038	875,319	1,155,351	923,568	27,605	32,369	10,214	8,811	14,372	4,611	1,812
March	11,412	12,082	143,989	990,606	1,209,455	1,003,150	24,395	30,567	17,168	10,097	9,861	3,390	2,221
April	10,362	10,719	66,813	896,362	1,064,420	911,463	25,758	38,098	11,545	10,021	11,102	4,229	1,794
May	10,437	10,437	73,214	960,541	1,114,746	916,332	27,590	24,367	10,114	9,815	12,485	4,670	2,553
June	9,891	10,388	81,618	941,201	1,108,793	896,791	26,534	18,394	7,533	9,849	12,567	4,167	2,342
July	11,240	11,650	95,626	885,880	1,031,065	864,791	21,255	18,160	10,625	9,939	13,926	3,621	2,270
August	11,062	11,463	104,557	765,901	899,087	802,709	19,917	16,999	7,691	9,891	12,530	3,825	2,003
September	11,355	11,949	101,272	734,935	875,933	779,181	17,777	16,033	4,749	10,004	13,192	4,165	1,974
October	11,950	12,759	73,719	740,741	916,609	773,128	10,248	36,988	11,806	9,878	9,797	2,999	2,126
November	11,189	11,940	57,694	760,353	873,484	709,467	6,162	49,041	5,285	9,741	7,533	1,556	2,611
December	11,367	12,712	58,978	717,011	764,643	683,434	6,286	38,998	15,680	10,067	4,352	803	1,256
1926													
January	11,190	12,222	94,966	689,463	791,347	665,512	4,723	32,128	16,403	9,394	2,822	423	1,283
February	10,611	11,077	185,510	631,367	816,121	682,827	5,181	21,990	5,865	9,012	401	820	1,170
March	11,424	11,835	139,397	716,654	948,974	806,055	8,995	17,036	12,659	11,683	*519* (1)	1,069	1,645
April	10,086	10,067	56,905	668,203	867,978	726,362	9,900	14,892	10,813	9,282	2,132	2,101	1,770
May	10,678	9,894	41,808	736,206	899,248	756,672	9,650	11,123	10,162	10,331	4,547	2,016	2,218
June	11,756	11,202	82,839	720,081	976,095	852,904	13,700	12,290	15,458	9,953	6,653	1,888	2,324
July	13,074	11,482	86,552	767,871	1,019,338	864,203	13,948	10,526	15,264	9,634	8,688	2,408	2,056
August	12,879	11,421	101,935	850,249	1,142,664	908,014	14,461	14,140	12,404	10,180	8,651	2,367	2,104
September	12,876	11,713	82,589	880,025	1,143,578	948,552	16,532	20,215	8,648	10,187	13,388	2,164	2,188
October	13,517	13,223	63,167	935,279	1,174,794	979,528	15,415	35,904	7,355	9,551	16,588	2,611	2,281
November	13,496	12,754	68,819	983,298	1,258,058	1,001,506	13,589	43,052	10,740	9,901	13,132	3,383	2,017
December	13,783	13,197	95,886	1,064,791	1,303,141	1,083,947	19,848	58,524	14,397	10,133	9,930	2,698	1,736
1927													
January	13,356	12,465	190,364	1,061,167	1,308,924	1,043,131	15,777	55,017	16,187	9,648	14,804	2,751	2,250
February	12,743	12,036	182,660	968,774	1,233,609	953,910	18,393	41,936	21,347	9,130	13,188	3,486	1,722
March	14,046	12,976	164,969	1,085,859	1,415,694	1,106,681	22,360	50,295	20,389	10,269	10,919	3,929	2,585
April	11,794	11,386	50,955	1,051,872	1,289,126	1,007,856	22,051	42,321	17,031	9,763	11,132	3,026	2,542
May	12,297	12,011	43,048	1,129,802	1,377,719	1,087,068	25,611	37,613	26,916	10,140	11,961	3,832	2,705
June	11,820	11,782	82,949	1,067,583	1,327,976	1,063,460	25,684	27,805	19,110	9,776	14,060	4,374	2,732
July	12,635	12,089	88,820	1,108,893	1,361,861	1,052,527	23,714	25,653	15,901	9,006	15,973	3,804	2,712
August	12,997	12,817	84,548	1,115,503	1,426,253	1,129,837	28,352	16,399	11,087	10,502	14,894	3,796	2,833
September	12,711	12,907	118,629	1,104,653	1,375,057	1,125,765	28,727	19,200	6,538	9,840	13,082	3,559	2,125
October	13,094	12,529	63,727	1,139,357	1,414,410	1,094,153	25,301	33,406	5,905	9,798	13,730	4,993	2,324
November	12,864	13,430	68,353	1,119,385	1,401,938	1,083,828	18,927	46,923	10,153	10,174	13,939	4,752	1,984
December	13,238	14,132	100,476	1,149,680	1,371,518	1,085,244	23,876	50,208	11,544	9,463	13,845	3,765	1,984
1928													
January	13,421	14,222	202,006	1,180,576	1,469,440	1,098,014	24,779	33,395	17,240	9,785	16,040	3,250	1,565
February	12,926	13,419	208,446	1,122,384	1,322,006	1,043,789	23,771	34,468	23,490	9,491	13,645	3,968	1,705
March	14,118	14,401	161,464	1,170,476	1,420,352	1,149,997	27,186	25,645	20,615	10,283	9,630	4,750	2,328
April	11,715	12,263	67,415	1,047,548	1,159,498	919,695	23,940	26,287	21,433	9,912	8,988	3,652	2,142
May	11,932	12,964	63,747	1,044,046	1,248,765	986,358	21,009	25,678	18,436	10,981	7,671	3,262	2,683
June	11,833	13,241	99,950	1,021,350	1,295,761	1,070,513	21,714	26,007	15,527	9,838	8,622	3,479	2,938
July	12,483	13,531	102,608	1,035,594	1,314,240	1,024,942	23,966	19,311	7,476	—	8,603	3,776	2,660
August	13,021	14,330	108,700	1,030,997	1,329,345	1,065,697	25,075	14,871	6,767	—	8,747	3,182	2,847

(1) Surplus of exports over imports

B. Coefficients of seasonal variations.

V. B.

Month	Extraction of Coal	Extraction of Lignite	Sales of Potash	Output of Crude Pig-iron	Output of Crude Steel	Output of Rolled Products	Net imports of Raw Copper	Gross imports of Cotton	Gross imports of Rubber	Number of building licences
January	99.5	102.0	154.0	101.0	102.0	103.0	96.0	137.0	94.0	83.0
February	94.5	94.0	205.0	92.0	97.5	98.0	98.0	107.0	76.0	70.0
March	100.5	102.0	154.0	101.0	105.0	106.0	110.0	99.0	89.0	101.0
April	90.5	98.0	74.0	95.0	95.0	97.5	114.0	107.0	101.0	91.0
May	93.5	96.0	60.0	102.0	98.5	100.0	118.0	95.0	112.0	119.0
June	97.0	94.0	74.0	99.0	104 0	103.0	103.0	80.0	103.0	116.0
July	106.5	99.0	82.0	103.0	104.0	102.0	94.0	80.0	101.0	107.0
August	103.0	100.0	96.0	101.0	98.5	97.5	97.0	73.0	104.0	110.0
September	104.5	101.0	87.0	99.0	96.5	97.5	101.0	78.0	113.0	111.0
October	107.0	107.0	64.0	103.0	101.0	98.0	93.0	95.0	125.0	116.0
November	101.5	102.0	70.0	100.0	97.5	97.0	82.0	111.0	96.0	103.0
December	102.0	105.0	80.0	104.0	100.5	100.5	94.0	138.0	86.0	73.0

C. Simple Indices and general Index of industrial activity.

Month	Extraction of Coal	Extraction of Lignite	Extraction of Potash	Output of Crude Pig-iron	Output of Crude Steel	Output of Rolled Products	Consumption of Raw Copper	Consumption of Raw Cotton	Consumption of Raw Wool	Consumption of Raw Hides	Consumption of Raw Rubber	Building licences issued	General Index of industrial activity	
													according to workers employed	according to motive power
1924														
September	92,3	90,3	145,8	80,3	82,7	81,7	41,2	60,9	55,9	85,5	62,6	—	74,4	82,7
October	94,5	95,2	122,7	84,1	85,7	89,1	51,6	56,4	29,2	85,8	59,9	—	74,1	85,0
November	89,2	95,8	105,5	89,7	91,5	93,8	73,0	62,8	26,2	94,7	72,8	—	78,3	87,0
December	93,2	99,9	105,7	95,8	96,1	98,1	99,2	80,5	37,3	112,6	95,1	—	89,2	93,5
1925														
January	101,5	103,1	107,5	102,8	106,6	106,8	129,0	101,3	64,1	126,9	130,7	91,7	101,7	103,9
February	94,4	100,9	98,3	108,4	109,1	105,6	145,3	105,9	78,3	129,4	166,2	107,6	107,7	104,3
March	96,1	100,7	93,3	112,0	106,1	106,0	151,1	113,6	107,4	125,1	170,7	108,4	111,7	105,9
April	96,9	93,0	90,0	107,7	103,2	104,7	150,9	117,6	115,3	116,3	169,4	103,6	110,7	104,8
May	94,5	92,4	121,7	107,5	104,2	102,6	146,2	109,4	106,2	108,7	154,7	106,3	107,7	103,1
June	86,3	94,0	110,0	108,5	98,2	97,5	142,6	103,0	100,4	107,8	137,5	99,4	102,0	97,3
July	89,4	100,0	116,3	98,2	91,3	95,0	143,2	95,6	86,2	112,7	135,6	98,5	99,4	95,5
August	90,9	97,5	108,6	86,6	84,0	92,2	140,1	84,6	77,9	114,3	131,3	96,7	95,7	92,1
September	92,0	99,6	116,1	84,7	83,6	89,5	131,3	79,7	66,3	115,4	127,2	92,4	91,9	90,7
October	94,6	101,4	114,9	82,1	83,6	88,4	108,9	94,3	75,5	112,0	113,2	90,1	92,7	91,5
November	93,3	99,5	82,2	86,8	82,5	81,9	86,0	113,5	64,0	103,7	96,6	95,1	91,3	89,1
December	94,4	102,9	73,5	78,7	70,0	76,2	65,0	118,0	81,3	93,7	73,3	93,9	89,2	85,3
1926														
January	95,2	101,9	61,5	77,9	71,4	72,4	45,8	120,6	105,9	79,9	45,8	91,1	87,9	84,4
February	95,1	100,2	90,2	78,3	77,1	78,0	37,1	104,1	92,9	67,0	34,7	89,2	84,1	85,0
March	96,2	98,6	90,3	81,0	83,2	85,2	38,1	80,0	108,4	59,3	31,1	78,4	81,5	86,4
April	94,4	87,3	76,7	80,3	84,1	83,4	41,1	67,2	97,5	55,5	40,8	81,1	78,4	83,8
May	96,7	87,6	69,5	82,3	84,1	84,8	46,0	56,7	84,2	58,9	52,3	84,8	77,8	84,0
June	102,6	101,3	111,6	83,0	86,4	92,8	58,2	52,0	104,7	67,9	58,6	88,8	84,5	90,5
July	103,9	98,6	105,3	85,1	90,2	94,9	68,3	48,4	110,2	76,9	68,7	92,3	87,3	92,5
August	105,9	97,1	105,9	96,1	106,8	104,3	77,8	53,3	113,6	86,2	70,3	91,9	92,8	99,6
September	104,3	97,6	94,7	101,5	109,1	109,0	90,2	66,0	110,4	95,9	71,3	93,2	97,1	102,1
October	107,0	105,1	98,4	103,7	107,1	112,0	95,2	86,1	93,1	107,9	73,5	92,7	100,5	104,9
November	112,6	106,3	97,3	112,2	118,8	115,5	97,8	109,0	83,5	113,8	83,2	93,2	105,4	111,2
December	114,4	106,9	119,5	116,9	119,4	120,8	107,2	129,6	87,7	114,3	90,5	98,7	112,1	115,7
1927														
January	113,7	103,9	123,3	119,9	118,2	113,4	107,3	142,3	103,8	117,7	99,1	107,5	115,7	115,3
February	114,2	108,9	88,8	120,2	116,5	109,0	110,7	141,9	133,6	112,9	120,3	113,5	118,4	115,2
March	118,3	108,2	106,8	122,7	124,2	116,9	116,4	152,7	154,2	110,6	127,8	120,6	126,3	121,9
April	110,3	98,8	68,7	126,4	125,0	115,8	113,7	150,1	159,8	111,6	126,6	125,6	126,3	118,8
May	111,3	106,4	71,5	126,4	128,8	121,8	121,7	149,6	182,7	108,6	130,8	120,3	129,3	122,4
June	103,2	106,6	111,8	123,1	117,6	115,6	131,0	147,3	177,9	110,6	127,9	119,1	126,5	117,1
July	100,5	103,8	108,0	122,9	120,6	115,6	138,5	130,5	168,4	115,3	122,4	118,8	123,6	115,4
August	106,8	109,0	87,8	126,0	133,3	129,8	153,5	115,3	155,7	121,0	128,0	116,2	125,9	122,1
September	103,1	108,5	136,9	127,4	130,8	128,8	163,7	101,8	112,2	122,0	128,0	109,6	118,6	118,8
October	103,6	99,4	100,2	126,4	128,9	127,2	167,1	102,2	81,2	121,6	125,8	105,4	114,2	116,0
November	107,3	111,8	98,2	127,8	132,3	126,8	163,9	111,3	69,4	120,5	135,9	98,2	113,1	118,2
December	109,0	114,3	126,4	126,2	125,7	120,9	158,1	123,8	70,3	117,9	142,0	100,0	113,4	117,2
1928														
January	114,3	118,5	132,0	133,5	133,1	119,3	154,1	123,6	91,1	121,6	142,4	101,8	116,1	120,8
February	115,9	121,2	102,3	139,4	124,9	119,3	149,6	121,0	124,6	121,1	152,7	107,0	117,9	120,7
March	119,0	119,9	105,5	132,4	124,7	121,5	152,1	106,3	144,1	115,8	156,0	111,5	121,0	121,7
April	109,6	106,3	91,7	125,9	112,5	105,6	145,4	95,7	162,2	110,3	149,6	107,1	113,7	111,1
May	108,1	114,6	106,9	116,9	116,8	110,4	133,2	98,1	164,4	101,3	144,9	111,6	115,3	113,1
June	103,3	119,6	135,8	117,9	114,6	116,4	128,5	98,4	149,9	95,5	129,3	112,8	114,6	112,9
July	99,2	116,1	125,9	114,8	116,1	112,6	129,6	93,6	126,0	—	115,8	114,9	112,0	109,9
August	107,1	121,7	114,0	116,7	124,3	122,0	137,0	89,9	99,3	—	111,0	117,7	113,6	115,3

Annex VI

Number and utilisation of the Blast Furnaces.

Month	Number of blast furnaces in existence	Number of blast furnaces working	Number of blast furnaces closed down	Number of blast furnaces under repair	Number of blast furnaces ready for blowing in	Total capacity in 24 hours(1) (tons)	Average capacity in 24 hours (tons)	Average effective production in 24 hours (tons)
1924								
September	216	90	34	65	27	42,434	342.2	259.2
October	215	96	30	61	28	42,659	338.6	255.1
November	215	101	26	60	28	42,643	335.8	259.4
December	215	106	22	61	26	43,748	341.8	265.6
1925								
January	215	113	17	63	22	45,159	347.4	259.7
February	214	120	10	58	26	47,584	366.0	259.9
March	212	122	10	56	24	46,979	355.9	261.9
April	212	119	14	51	28	47,120	354.3	251.0
May	212	120	10	52	30	47,451	365.0	258.2
June	212	119	13	54	26	47,550	365.0	263.6
July	211	108	21	55	27	47,775	370.0	264.6
August	211	101	25	56	29	47,735	378.8	244.6
September	211	96	25	61	29	47,780	394.9	255.1
October	211	93	25	64	29	47,785	405.0	256.9
November	211	93	22	67	29	47,780	415.5	272.5
December	211	83	30	65	33	47,820	432.2	278.6
1926								
January	211	84	30	64	33	50,465	442.7	264.8
February	211	80	36	62	33	50,635	436.5	281.9
March	211	79	42	64	26	50,870	420.0	292.6
April	211	80	33	70	28	50,850	450.0	278.4
May	211	83	33	69	26	50,860	438.5	286.1
June	211	80	37	68	26	50,810	434.3	300.0
July	211	85	36	63	27	50,560	419.9	291.4
August	211	84	34	64	29	50,820	430.7	326.5
September	210	90	29	63	28	51,195	430.2	325.9
October	210	97	25	62	26	52,135	427.3	311.0
November	207	104	21	56	26	52,040	416.3	315.2
December	206	109	18	52	27	52,325	412.0	315.1
1927								
January	203	116	15	49	23	52,350	399.6	295.1
February	203	112	16	50	25	52,855	412.9	308.9
March	196	111	15	50	20	51,355	407.6	315.6
April	196	113	13	53	17	51,005	404.8	310.3
May	195	112	13	54	16	50,855	406.8	325.4
June	195	113	12	52	18	51,150	409.2	314.9
July	195	115	10	52	18	51,225	409.8	311.1
August	191	115	8	49	19	50,745	410.4	312.9
September	192	114	8	48	22	50,795	416.4	323.0
October	192	113	9	49	21	50,795	416.4	325.2
November	191	116	8	46	21	50,765	409.4	321.7
December	191	116	8	45	22	50,965	411.0	319.7
1928								
January	191	116	10	47	18	51,370	407.7	328.3
February	190	115	11	45	19	51,250	406.7	336.5
March	188	113	11	45	19	51,260	413.4	334.1
April	185	107	12	44	22	50,845	427.2	326.3
May	185	104	13	47	21	52,620	449.7	323.8
June	185	103	13	46	23	52,615	453.6	330.5
July	185	100	13	49	23	52,825	465.6	333.8
August	184	99	12	50	23	53,830	484.9	336.2

(1) Blast furnaces working or closed down.

Annex VII.

Annual Production and net Imports into Germany for the Years 1924—1928 and 1913.

Year	Extraction of coal		Extraction of lignite		Sales of the Potash Syndicate		Output of crude pig-iron		Output of crude steel		Output of rolled products		Net imports of raw copper (2)	Net imports of raw cotton	Net imports of raw wool	Net imports of raw leather	Net imports of raw rubber	Number of building licences issued (7)
	In thousands of tons	In % of 1913	In thousands of tons	In % of 1913	In thousands of tons	In % of 1913	In thousands of tons	In % of 1913	In thousands of tons	In % of 1913	In thousands of tons	In % of 1913	In tons	In tons	In tons	In tons	In tons	
(1) 1913	*140,753*	*100.0*	*87,233*	*100.0*	*1,110,320*	*100.0*	*10,916*	*100.0*	*12,177*	*100.0*	*10,904*	*100.0*	*218,200*	*439,100* (3)	*206,200* (4)	*297,838* (5)	(6)	—
1924	118,769	84.4	124,637	142.9	843,800	76.0	7,833	71.7	9,703	79.7	8,175	75.0	118,687	332,900	136,563	248,987	24,899	—
1925	132 622	94.3	139,725	160.2	1,225,400	110.4	10,089	92.4	12,051	99.0	10,246	94.0	238,898	367,715	126,737	257,969	43,587	24,557
1926	145 296	103.2	139,151	159.5	1,099,820	99.0	9,636	88.3	12,226	100.4	10,276	94.2	145,942	291,820	140,168	205,654	23,948	22,792
1927	153,599	109.1	150,504	172.9	1,239,520	111.6	13,103	120.0	16,267	133.6	12,864	118.0	278,773	446,776	182,108	279,036	45,067	28,498
1928 (first 8 months)	101,449	—	108,371	—	1,014,336	—	8,653	—	10,555	—	8,356		191,440	205,662	130,984	—	29,319	18,868

(1) In the present territory of the Reich.
(2) From 1924 onwards net imports of copper and alloys.
(3) Average consumption 1909—1913.
(4) Average consumption 1909—1913.
(5) Quantity of hides treated in 1910. From 1924 onwards the figures are taken from the statistics of animals slaughtered together with the net imports.
(6) There are no statistics with regard to the consumption in 1913. To give some indication of the position, it may be said that the world production rose from 124,000 tons in 1913 to 623,000 tons in 1927.
(7) These figures apply to 38 cities of over 100,000 inhabitants.

REPORT

OF THE

TRUSTEE

FOR THE

GERMAN RAILWAY BONDS

December 12, 1928

BERLIN

Report of the Trustee for the German Railway Bonds.

The present Report issued by the Trustee for the German Railway Bonds, drafted at a moment when the results of the business year 1928 of the Company are not yet available in their entirety, will not contain an examination of the functioning of the Company during the period which has elapsed since the last Report was published in June 1928; this point will be dealt with in a subsequent report. The Trustee will therefore merely examine three aspects of the activity of the Company, having immediate importance.

A. Amortisation of the Bonds.

In his last Report the Trustee stated that he had submitted to the Reparation Commission for approval a table making provision for amortisation of the *GM* 11 milliards of bonds within 37 years, beginning with the year September 1, 1927—August 31, 1928. This table was attached to the previous Report in the form of an Annex.

Following the examination of the question by the Reparation Commission, the Trustee addressed a letter in the following form to the Chairman of the Managing Board of the German Railway Company on June 23, 1928:

"Paris, June 23, 1928.

Mr. Chairman.

Amortisation of Railway bonds.

The German Law and the text of the bonds make provision on the one hand for annual drawings or amortisation and on the other hand for semi-annual payments to cover such drawings or amortisation. (Dawes-Plan, Annex IV, § 4. Concession of the Railway Company § 8 (1), (2), (3), (4) and (10).)

Amortisation occurring once per annum is moreover customary on the principal markets likely to absorb issues of such bonds, while, in view of the considerable amount for the marketing of which provision has to be made, any multiplication of the annual drawings would constitute a highly regrettable complication.

The regulation providing for semi-annual payments is in no way incompatible with annual amortisation; it is customary for anticipatory payments to be made with a view to the annual drawing. The payments made on April 1 and August 25 of each year by the Bank für deutsche Industrie-Obligationen and approved by a decree of the Reich dated May 27, 1925, are an example of this.

I have in consequence the honour to submit for your approval the enclosed sinking fund table for the eleven milliards of

bonds (1), and I should be obliged if you would at the same time approach the German Government with a view to obtaining its consent.

For so long as the bonds remain to their full amount in the hands of the Trustee, and the reparation creditors enjoy anticipatory payments made before the date on which the amortisation is carried out, I think it equitable to charge them interest at 5 per cent per annum on such payments, the amount of the interest to be credited to sinking fund and possibly to be used eventually to reduce the number of bonds still to be amortised. When the bonds come to be marketed however, agreement on the system of operations must be sought among all the parties concerned, and any such agreement would necessarily differ from that to which reference is made in the preceding paragraph.

Receive, Mr. Chairman, the assurance of my high consideration.

(signed) DELACROIX.

To Herr von Siemens,
Chairman of the Managing Board of the German Railway Company,
Voss-Strasse 35,
Berlin."

This letter gave rise to various exchanges of opinion between the Trustee and the German Railway Company, following which the Trustee made the communication quoted below to the Company on October 6, 1928:

"Paris, October 6, 1928.

To: The General Manager of the German Railway Company,
Voss-Strasse 35,
Berlin, W. 8.

Mr. General Manager,

Amortisation of Railway Bonds.

Pursuant to my letter of August 24 and the steps taken subsequently by my representative M. Périer, I have the honour to submit for your signature, after you have obtained the approval of the Finance Minister of the Reich, the two enclosed tables (2), which I send you in duplicate together with a German translation.

Table I will constitute the annual schedule of amortisation of the 11 milliards of bonds.

Table II will be the table of annual supplementary amortisation which will be applied up to the date of issue of a first block of bonds.

(1) Annex to the report of the Trustee dated June 1928.

(2) Annexes I and II to the present Report.

For the period after that date a further agreement will have to be concluded by the parties concerned, all mutual rights being reserved for this purpose.

It must therefore be understood that the 'supplementary amortisations' shall cease at the date of the issue of a first block of bonds. As from that date a fresh agreement will have to be sought by the parties concerned, who shall be free to exercise all mutual rights. Meanwhile the number of the bonds in my custody will diminish each year at September 1, as indicated above.

It will be well to furnish certain explanations in the observations on the balance sheet in order to avoid any misunderstanding as to the bearing of the figures mentioned therein.

I should be obliged if you would signify your agreement on the above points and return to me as soon as possible the two appended tables duly signed on behalf of the Company and by the Finance Minister of the Reich.

(signed) DELACROIX,
Trustee for the Railway Bonds."

As these documents bear the signatures of the Finance Minister of the Reich and the qualified representatives of the Company, for the purpose of registering the agreement between the parties concerned, it follows that this is the arrangement which governs the amortisation of the railway bonds at the present time.

The amortisation of the 11 milliards of bonds within 37 years, as provided in the Experts Plan, can therefore be effected regularly: the accounting operations which will constitute its execution will be modelled on definitive estimates.

On the other hand, the anticipatory payments, that is to say the placing of certain sums at the disposal of the allied creditors six months before the date of annual amortisation, to which table I refers, will involve a payment of interest at the rate of 5 per cent per annum to be credited to a supplementary sinking fund as provided in table II attached. Table II is only intended to be applied until the first block of bonds has been issued to the public, all mutual rights of the parties concerned being reserved at that date. The Trustee accordingly in conformity with Article 8, § 14 of the Concession of the German Railway Company, will notify the Administration of the Public Debt of the Reich (Reichsschuldenverwaltung) and the German Company, as well as the Reparation Commission and the Agent General for Reparation Payments of the amounts amortised on his books as at September 1, 1928.

B. Financial Estimates.

The Report of the Commissioner for the German Railways has examined the receipts obtained by the Company during the past months of the business year 1928, and contains a judicious and detailed statement of the payments effected during the same period.

In his Report of June 1928, the Trustee made the following observations on the question of the financial estimates:

> "The time appears to have come for the establishment of a definite and precise financial plan, making provision on the one hand for the payment by the Company out of recurrent income of the recent salary and wage increases totalling annually 450 million marks and the expenditure in respect of maintenance of permanent way and rolling stock, and, on the other hand, for the payment out of non-recurrent income (viz. a further issue of preference shares) of such capital expenditure as a prudent and healthy administration may judge expedient.
>
> Such a programme would make it easier to see that such available or working funds as are considered necessary by the Board are always present. It would further permit the Management to defer signatures of contracts for new constructional work or large purchases of material—even where such have been decided upon in principle by the Board—until the provision of the sums destined to cover such capital expenditure has been assured by an issue of preference shares within the limits allowed by the Law."

The General Management of the Company, influenced perhaps by this suggestion, drafted an important memorandum giving the expenditures on capital account which—while being restricted to the utmost—will have to be effected during the eight years to come.

It is not for the Trustee to discuss this programme. It is nevertheless interesting to note that, on the basis of approximate budget estimates, the General Management considers that it will probably be possible in 1929 to cover 113 millions of increased expenditure on capital account out of operating receipts.

Failing sufficient operating receipts the General Management will restrict its programme of capital expenditure in accordance with the resources at its command and the productiveness of the proposed expenditure.

This method will result in making the amount of the non-recurring expenditure depend firstly on the position of the capital market and secondly on the development of traffic.

C, Replacement of Members of the Board.

§ 13 of the Concession of the Company stipulates:

> "At the end of each period of two financial years three members of each of the two groups, consisting in the one case of the members appointed by the Government and the representatives of preference shares, and in the other case of the representatives of the Trustee, shall retire from the Board. At the outset, the members to retire at the end of two years and at the end of four years shall be chosen by lot; subsequently each member shall remain in office for six years. A retiring member shall be eligible for re-election."

In execution of these provisions, the Managing Board proceeded in September last to draw by lot the names of the members retiring at the end of the fourth year (December 31, 1928). Of the group nominated by the Government of the Reich the following were drawn to retire :

Messrs. Blum, Buck and Ott.

Dr. Luther also notified his resignation to take effect on December 31, 1928.

Of the group nominated by the Trustee the following were drawn to retire:

Messrs. Habich, Mance and Margot.

Accordingly the Government of the Reich and the Trustee will in all probability be in a position to notify the Company in the course of December 1928 of the names of the members of the Managing Board appointed by them respectively for a period of six years to run from January 1, 1929 in the case of all except one who will serve for the remaining part of Dr. Luther's term of office.

December 12, 1928.

(Signed) LEON DELACROIX.

Table of the Service

Annex I

(Interest and Amortisation) of the Bonds of the Deutsche Reichsbahn Gesellschaft

(in gold marks)

Date	Amortisation	Total figure of the amount redeemed	Total figure of the amount still to be redeemed	Interest	Total Service
September 1,					
1928	110,000,000.—	110,000,000.—	10,890,000,000.—	550,000,000.—	660,000,000.—
1929	115,500,000.—	225,500,000.—	10,774,500,000.—	544,500,000.—	660,000,000.—
1930	121,275,000.—	346,775,000.—	10,653,225,000.—	538,725,000.—	660,000,000.—
1931	127,338,750.—	474,113,750.—	10,525,886,250.—	532,661,250.—	660,000,000.—
1932	133,705,687.50	607,819,437.50	10,392,180,562.50	526,294,312.50	660,000,000.—
1933	140,390,971.88	748,210,409.38	10,251,789,590.62	519,609,028.12	660,000,000.—
1934	147,410,520.47	895,620,929.85	10,104,379,070.15	512,589,479.53	660,000,000.—
1935	154,781,046.49	1,050,401,976.34	9,949,598,023.66	505,218,953.51	660,000,000.—
1936	162,520,098.82.	1,212,922,075.16	9,787,077,924.84	497,479,901.18	660,000,000.—
1937	170,646,103.76	1,383,568,178.92	9,616,431,821.08	489,353,896.24	660,000,000.—
1938	179,178,408.95	1,562,746,587.87	9,437,253,412.13	480,821,591.05	660,000,000.—
1939	188,137,329.39	1,750,883,917.26	9,249,116,082.74	471,862,670.61	660,000,000.—
1940	197,544,195.86	1,948,428,113.12	9,051,571,886.88	462,455,804.14	660,000,000.—
1941	207,421,405.66	2,155,849,518.78	8,844,150,481.22	452,578,594.34	660,000,000.—
1942	217,792,475.94	2,373,641,994.72	8,626,358,005.28	442,207,524.06	660,000,000.—
1943	228,682,099.74	2,602,324,094.46	8,397,675,905.54	431,317,900.26	600,000,000.—
1944	240,116,204.72	2,842,440,299.18	8,157,559,700.82	419,883,795.28	660,000,000.—
1945	252,122,014.96	3,094,562,314.14	7,905,437,685.86	407,877,985.04	660,000,000.—
1946	264,728,115.71	3 359,290,429.85	7,640,709,570.15	395,271,884.29	660,000,000.—

1947	277,964,521.49	3,637,254,951.34	7,362,745,048.66	382,035,478.51	660,000,000.—
1948	291,862,747.57	3,929,117,698.91	7,070,882,301.09	368,137,252.43	660,000,000.—
1949	306,455,884.95	4,235,573,583.86	6,764,426,416.14	353,544,115.05	660,000,000.—
1950	321,778,679.19	4,557,352,263.05	6,442,647,736.95	338,221,320.81	660,000,000.—
1951	337,867,613.15	4,895,219,876.20	6,104,780,123.80	322,132,386.85	660,000,000.—
1952	354,760,993.81	5,249,980,870.01	5,750,019,129.99	305,239,006.19	660,000,000.—
1953	372,499,043.50	5,622,479,913.51	5,377,520,086.49	287,500,956.50	660,000,000.—
1954	391,123,995.68	6,013,603,909.19	4,986,396,090.81	268,876,004.32	660,000,000.—
1955	410,680,195.46	6,424,284,104.65	4,575,715,895.35	249,319,804.54	660,000,000.—
1956	431,214,205.23	6,855,498,309.88	4,144,501,690.12	228,785,794.77	660,000,000.—
1957	452,774,915.49	7,308,273,225.37	3,691,726,774.63	207,225,084.51	660,000,000.—
1958	475,413,661.27	7,783,686,886.64	3,216,313,113.36	184,586,338.73	660,000,000.—
1959	499,184,344.33	8,282,871,230.97	2,717,128,769.03	160,815,655.67	660,000,000.—
1960	524 143,561.55	8,807,014,792.52	2,192,985.207.48	135,856,438.45	660,000,000.—
1961	550,350,739.63	9,357,365,532.15	1,642,634,467.85	109,649,260.37	660,000,000.—
1962	577,868,276.61	9,935,233,808.76	1,064,766,191.24	82,131,723.39	660,000,000.—
1963	606,761,690.44	10,541,995,499.20	458,004,500.80	53,238,309.56	660,000,000.—
1964	458,004,500.80	11,000,000,000.—	—	22,900,225.04	480,904,725.84

The Trustee
for the German Railway Bonds

(s) *Léon Delacroix*

The German Railway Company

Chairman of the Managing Board

(s) *C. F. v. Siemens*

General Manager

(s) *Dorpmüller*

Finance Minister
of the Reich

(s) *Hilferding*

Annex II.

SUPPLEMENTARY TABLE OF AMORTISATION

of German Railway Bonds to be applied until the issue of a first block of bonds subject to the express reservation of all mutual rights in respect of the subsequent period.

(in gold marks)

Date	Interest at 5% per annum on the sums constituting the sinking fund and on anticipatory payments in the month of March	Total amount of sinking fund
March 1, 1928	—	
September 1, 1928	1,375,000.—	1,375,000.—
March 1, 1929	34,375.—	
September 1, 1929	1,478,984.38	2,888,359.38
March 1, 1930	72,208.98	
September 1, 1930	1,589,951.72	4,550,520.08
March 1, 1931	113,763.01	
September 1, 1931	1,708,341.44	6,372,624.53
March 1, 1932	159,315.64	
September 1, 1932	1,834,619.60	8,366,559.77
March 1, 1933	209,163.99	
September 1, 1933	1,969,280.26	10,545,004.02
March 1, 1934	263,625.10	
September 1, 1934	2,112,847.24	12,921,476.36
March 1, 1935	323,036.91	
September 1, 1935	2,265,875.92	15,510,389.19
March 1, 1936	387,759.73	
September 1, 1936	2,428,954.96	18,327,103.88
March 1, 1937	458,177.60	
September 1, 1937	2,602,708.34	21,387.989.82
March 1, 1938	534,699.76	
September, 1 1938	2,787,797.36	24,710,486.94
March 1, 1939	617,762.19	
September 1, 1939	2,984,922.87	28,313,172.—
March 1, 1940	707,829.32	
September 1, 1940	3,194,827.50	32,215,828.82
March 1, 1941	805,395.75	
September 1, 1941	3,418,298.19	36,439,522.76
March 1, 1942	910,988.08	
September 1, 1942	3,656,168.75	41,006,679.59
March 1, 1943	1,025,167.—	
September 1, 1943	3,909,322.44	45,941,169.03
March 1, 1944	1,148,529.24	
September 1, 1944	4,178,695.05	51,268,393.32
March 1, 1945	1,281,709.85	
September 1, 1945	4,465,277.80	57,015,380.97

Date	Interest at 5% per annum on the sums constituting the sinking fund and on anticipatory payments in the month of March	Total amount of sinking fund
March 1, 1946	1,425,384,54	
September 1, 1946	4,770,120.61	63,210,886.12
March 1, 1947	1,580,272.17	
September 1, 1947	5,094,335.50	69,885,493.79
March 1, 1948	1,747,137.36	
September 1, 1948	5,439,100.15	77,071,731.30
March 1, 1949	1,926,793.30	
September 1, 1949	5,805,661.70	84,804,186.30
March 1, 1950	2,120,104.67	
September 1, 1950	6,195,340.79	93,119,631.76
March 1, 1951	2,327,990.81	
September 1, 1951	6,609,535.75	102,057,158.32
March 1, 1952	2,551,428.97	
September 1, 1952	7,049,727.12	111,658,314.41
March 1, 1953	2,791,457.88	
September 1, 1953	7.517,482.35	121,967,254.64
March 1, 1954	3,049,181.37	
September 1, 1954	8,014,460.85	133,030,896.86
March 1, 1955	3,325,772.43	
September 1, 1955	8,542,419.18	144,899,088.47
March 1, 1956	3.622,477.22	
September 1, 1956	9,103,216.71	157,624,782.40
March 1, 1957	3,940,619.56	
September 1, 1957	9,698,821.50	171,264,223.46
March 1, 1958	4,281,605.59	
September 1, 1958	10,331,316.49	185,877,145.54
March 1, 1959	4,646,928.64	
September 1, 1959	11,002,906.17	201,526,980.35
March 1, 1960	5,038,174.51	
September 1, 1960	11,715,923.40	218,281,078.26
March 1, 1961	5,457,026.96	
September 1, 1961	12,472,836.87	236,210,942.09
March 1, 1962	5,905,273.55	
September 1, 1962	13,276,258.86	255,392,474.50
March 1, 1963	6,384,811.87	
September 1, 1963	14,128,953.30	275,906,239.67

The Trustee for the German Railway Bonds	The German Railway Company Chairman of the Managing Board	General Manager	Finance Minister of the Reich
(s) *Léon Delacroix*	(s) *C. F. v. Siemens*	(s) *Dorpmüller*	(s) *Hilferding*

REPORT

OF

THE COMMITTEE OF EXPERTS

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COMMITTEE OF EXPERTS.

REPORT.

1 We transmit herewith to the Governments which took part in the Geneva decision and to the Reparation Commission our proposals for a complete and final settlement of the reparation problem, including the settlement of the obligations resulting from the existing Treaties and Agreements between Germany and the Creditor Powers, and we unanimously recommend the following Plan to the Governments concerned.

1. APPOINTMENT, TERMS OF REFERENCE AND CONSTITUTION.

2 This Committee originated with the decision taken by the Belgian, British, French German, Italian and Japanese Governments to entrust to independent experts the task of drawing up proposals for a complete and final settlement of the reparation problem. Twelve experts were to be chosen amongst the nationals of countries which participated in this decision, and two amongst the nationals of the United States of America. Each of the experts invited was empowered to appoint an alternate.

3 The appointments of the invited experts as Members of the Committee were made according to the following procedure :

4 The Belgian, British, French, Italian and Japanese Experts were appointed by the Reparation Commission upon the nomination of their respective Governments.

5 The German Experts were appointed by the German Government.

6 The Experts being citizens of the United States of America were appointed by the Reparation Commission conjointly with the German Government.

7 The mandate of the Committee of Experts thus formed is set forth in the following terms of reference :

8 "The Belgian, British, French, German, Italian and Japanese Governments, in pursuance of the decision reached at Geneva on September 16, 1928, whereby it was agreed to set up a committee of independent financial experts, hereby entrust to the Committee the task of drawing up proposals for a complete and final settlement of the reparation problem. These proposals shall include a settlement of the obligations resulting from the existing Treaties and Agreements between Germany and the Creditor Powers. The Committee shall address its report to the Governments which took part in the Geneva decision and also to the Reparation Commission".

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9

9 The Committee was constituted with the following membership :

Belgian Experts :

M. Émile Francqui,

M. Camille Gutt.

Alternates :

Baron Terlinden,

M. H. Fabri.

British Experts :

Sir Josiah Stamp, G.B.E.,

Lord Revelstoke, G.C.V.O.

Alternates :

Sir Charles Addis, K.C.M.G.,

Sir Basil Blackett, K.C.B., K.C.S.I.

French Experts :

M. Émile Moreau,

M. Jean Parmentier.

Alternates :

M. C. Moret,

M. Edgar Allix.

German Experts :

Dr. Hjalmar Schacht,

Dr. A. Voegler.

Alternates :

Dr. C. Melchior,

Herr L. Kastl.

Italian Experts :

Dr. Alberto PIRELLI,

M. Fulvio SUVICH.

Alternates :

M. Giuseppe BIANCHINI,

M. Bruno DOLCETTA.

Japanese Experts :

Mr. KENGO MORI,

Mr. Takashi AOKI.

Alternates :

Mr. Saburo SONODA,

Mr. Yasumune MATSUI.

American Experts :

Mr. Owen D. YOUNG,

Mr. J. P. MORGAN.

Alternates :

Mr. Thos. N. PERKINS,

Mr. T.W. LAMONT.

We have to record our deep sense of regret at the death of Lord Revelstoke, which took place suddenly at an early hour on Friday, April 19th. By his untimely removal from our counsels we suffered the loss of one whose unfailing tact and wisdom had gained the affection and respect of all of us and contributed greatly to our progress. In honour of his memory all meetings were suspended until Tuesday, April 23rd. On April 20th, the Reparation Commission unanimously passed a resolution "deploring the death of Lord Revelstoke and instructing the General Secretary to convey

an expression of sympathy to the Committee of Experts on the loss of their distinguished colleague".

11 In a separate communication the Reparation Commission advised the Committee that they had : "Unanimously appointed, on the nomination of His Britannic Majesty's Government, Sir Charles Addis, K.C.M.G., to be a member of the Experts' Committee in succession to the late Lord Revelstoke."

12 On May 23rd the Committee were advised that the German Government had appointed Herr L. Kastl to be a member, in the place of Dr. Voegler, of whose resignation the Committee had learnt with regret on the previous day.

2. MEETINGS OF COMMITTEE.

13 The Experts met for the first time informally at the Bank of France on Saturday morning, February 9th, to fix the date of the first meeting of the Committee and to discuss matters of organisation and procedure.

14 The first regular meeting of the Committee was held on Monday, February 11th, at 2 o'clock in the afternoon in the Hotel George V. At this meeting Mr. Owen D. Young was unanimously chosen Chairman.

15 The Committee has been in continuous session over a period of some seventeen weeks. Sub-Committees were set up as required for the study of particular questions, and met frequently in the intervals between the Plenary Sessions.

3. ATTITUDE OF THE COMMITTEE.

16 The Report of the Dawes Committee opened with the following words :

17 "We have approached our task as business men anxious to obtain effective results. We have been concerned with the technical, and not the political aspects of the problem presented to us. We have recognised indeed that political considerations necessarily set certain limits within which a solution must be found if it is to have any chance of acceptance. To this extent, and to this extent only, we have borne them in mind".

18 It is in this spirit that the present Committee have addressed themselves to the task of rounding off the work of their predecessors which was advisedly left incomplete. By determining the number and amount of the annuities and by providing for the conversion of the reparation debt from a political to a commercial obligation, they have to the best of their ability tried to perform the task committed to them of devising a scheme which might fairly be accepted by all parties concerned.

19 Throughout our deliberations and in our present proposals we have endeavoured to reach our conclusions on economic and financial grounds. But we have realised, like our predecessors, that political factors necessarily set certain limits within which a solution had to be found if our proposals were to secure acceptance. We had therefore to base our decisions not only on economic, but also to some extent on political considerations. Many important juridical questions are also involved, and while as financial experts we are not specially qualified for going into details on them, their broader aspects have been always in our minds. Indeed it has been clear to us that close attention to them would have made our handling of the larger questions well-nigh impossible; but the Committee is satisfied that the scheme it recommends is within its terms of reference.

20 The meeting of the present Committee of Experts marks the first occasion on which

representatives of all the six nations chiefly concerned (together with American Experts) have sat down together to work out on a large scale the common problems of reparations, and to co-operate in exploring the various means by which Germany could be enabled to discharge her obligations.

21 The Dawes Report made no attempt to establish the causes leading up to the situation which its provisions sought to ameliorate. In adhering to this precedent we have attempted to go further, and, through the proposed creation of the machinery which we recommend, to set up an institution whose direction from the start shall be co-operative and international in character, whose members shall engage themselves to banish the atmosphere of the war, to obliterate its animosities, its partisanships, its tendencious phrases, and to work together for a common end in a spirit of mutual interest and goodwill.

4. THE STUDY OF GERMANY'S ECONOMIC CONDITIONS.

22 During the course of its deliberations the Committee have given close consideration to the various aspects of Germany's present economic position and future potentialities, because of their material relation to her capacity to discharge obligations to foreign Creditors.

23 The Committee had among their number six members of the Dawes Committee of 1924, whose contact with this aspect of the subject was obviously at that time close and responsible. Further, the Committee includes several who have been associated with the practical working of the plan. These members have naturally had an unusual and continuous interest in the course of events unrolled during the past five years.

24 Furthermore, the periodical reports made by the Agent General and Trustees and Commissioners upon the working of the Dawes Plan and the reports of the Reichsbank itself have given comprehensive reviews of Germany's position and development. The body of knowledge so available and the public interest and discussion it has stimulated have been of the greatest assistance to the Committee.

25 Moreover, they have been specially assisted by the able and lucid descriptions of the present economic condition of Germany and the possibilities of German development which have been made by the German Experts, who were well fitted by their respective positions in Germany to give, in combination, an impressive review of the subject. The considerations put forward by them in our numerous discussions and in answer to the questions addressed to them have been a constant and powerful influence in leading us to our conclusions.

26 The German Experts have given the Committee complete information as to the demands for foreign capital made by German economy during recent years, and as to the items which in their opinion counteracted this : external assets of Germany, reconstitution of the stocks and of the machinery of the country. The productivity

of capital thus invested has been discussed by the Committee, who have also considered the comparison between the fiscal burdens and the burdens of public debt in Germany and in other countries.

27 The German Experts have also made statements before the Committee as to the present state of German industry and agriculture, the general level of wages, the budgetary situation, the balance of payments, the financial effect of compensation to her nationals, the influence upon her trade of Customs barriers abroad, and the special situation of an industrial country such as Germany which has had to reconstitute her working capital, and at the same time assume the burden of heavy international obligations.

28 The German Experts laid stress on the question of natural resources available to Germany, whether within her borders or not, and on Germany's capacity to pay as affected thereby.

29 These statements have been present in the consideration of the Experts and in a large measure their conclusions have been influenced by them.

30 It is unnecessary for us to set out the various considerations of an economic character which have led to our conclusions on the capacity of Germany to transfer. We believe that in the scale of annuities and the conditions recommended we have given proper regard to the potentialities of all the economic conditions and financial forces normally and naturally involved. We believe further that, in arranging for a part of the annuity to carry rights of postponement and for impartial enquiry, we have provided for the possibility of meeting any abnormal or special difficulty arising which might seriously affect Germany's capacity for a time, despite all that might be done by Germany's goodwill and ingenuity to meet such difficulty, without having recourse to an altogether exceptional but nevertheless very valuable expedient.

31 As a substitute to the present system of transfer protection with its semi-political controls, its derogation from Germany's initiative, and its possible reactions upon credit, we are recommending a scheme of annuities appreciably smaller than the Dawes obligations and subject to new and elastic conditions, which are described at

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31 As a substitute to the present system of transfer protection with its semi-political controls, its derogation from Germany's initiative, and its possible reactions upon credit, we are recommending a scheme of annuities appreciably smaller than the Dawes obligations and subject to new and elastic conditions, which are described at

length in the succeeding chapters of the present Report. As an internal burden to be borne by annual taxation the scheme we propose is materially less; it is closely assimilated to commercial and financial obligations; it carries with it welcome freedom from interference and supervision and it is provided with adequate safeguards against any period so critical as to endanger Germany's economic life.

5. COURSE OF THE PROCEEDINGS.

32 The Committee addressed themselves, at the outset, to the essential task before them, namely, to determine the number and amount of the annuities to be paid by Germany; but they soon found the amounts were to a considerable extent contingent upon the machinery and form of payment, and therefore that they were not at that stage ready to reach a conclusion either as to the amount of the annuities or the number of years during which they should continue. Moreover, if Germany were to be given a definite task to perform on her own responsibility, and if the Committee were to substitute for many of the features of the Dawes Plan machinery of a non-political character in the realm of general finance, it was clearly necessary to elaborate a system for handling the annuities in a way which so far as it led to their commercialisation would remove them from the sphere of inter-governmental relations. In the first instance, some time was occupied by the Committee in hearing the statements from the German Experts on German economic conditions and the outlook for the future, so far as they affected Germany's capacity to pay obligations in foreign currencies. It then became known that the German Group felt that the ability of Germany to undertake a definite annuity obligation might vary according to the other provisions comprised in the Committee's recommendations, and in particular according to whether the annuity was entirely unconditional or whether some portion of it was payable under arrangements for postponement in the event of financial and exchange difficulties. The idea was also put forward that if such a situation arose, it was desirable for it to be immediately considered by an appropriate non-political committee, acting in an advisory capacity to the Powers concerned and meeting unostentatiously without waiting to be constituted by the lengthy process of diplomatic action. It was quickly realised that since the amount of the burden which Germany could agree to accept was directly related to such concomitant conditions, these conditions must be first explored.

33 At the same time, the possibility of accepting smaller annuities than those fixed under the Dawes Plan was admittedly dependent upon the certitude and ease with which the Creditors could commercialise the obligations under non-political conditions.

34 The arrangements that have been in force under the Dawes Scheme for liquidating a part of the annuity by means of deliveries in kind required consideration from two points of view :

35 (a) the substitution for the existing methods of a more elastic machinery which, as the Dawes Committee recommended, should be non-political;

36 (b) the gradual termination of the system at the earliest moment consistent with existing relationships and with the interests of Germany, whose economic life has been during the past few years gradually adapted to them, and who would feel herself prejudiced in an economic sense by their too sudden termination.

37 The enquiries upon these subjects were found to be converging upon one central point, viz., the nature of the authority which should act as the chief medium for discharging the various functions under a new plan.

38 In the exploration of the problem of substituting authority of an external, financial and non-political character for the present machinery and controls of the Dawes Plan (viz., the administration of the Agent General and of the various Commissioners in Berlin, and those functions of the Reparation Commission which were involved), they immediately met with the necessity for a Trustee to whom the payments in foreign currencies and Reichsmarks should be made by Germany, and by whom the distribution to the appropriate recipients should be managed.

39 In the second place, the problems of mobilisation and commercialisation demanded a common centre of action and authority for the purpose of co-ordinating and controlling the arrangements, and there were obvious advantages in such an authority being of a continuous or permanent character.

40 In the third place, the continued existence of deliveries in kind necessitated special machinery of direction and control, at any rate for a period of years.

41 They had already considered the desirability of an advisory committee which

could take any necessary action in connection with the declaration of a postponement on the postponable part of the annuity. A permanent central authority might include among its functions the convening of such an advisory body, international in character and existing as a constituent part of this central authority, to consider the situation which had brought about the necessity for a postponement, or the situation which a postponement itself created.

42 Again, the possibility that, either exceptionally or regularly as part of the plan, obligations would be discharged in marks within Germany, necessitated a financial authority to arrange for the disposition of such funds or assets in the interests of the Creditors, by arrangement with the Reichsbank or other German authority.

43 Moreover, in so far as the task of transferring the payments into foreign currencies involved, besides a restriction of imports, an extension of German export trade, we envisaged the possibility of a financial institution that should be prepared to promote the increase of world trade by financing projects, particularly in undeveloped countries, which might otherwise not be attempted through the ordinary existing channels.

44 These several considerations led the Committee to the elaboration of a plan for a Bank for International Settlements, which should, in its various functions, meet all these points. The outline of this scheme is given in Part 6 and Annex I.

45 It will be seen that the essential reparation functions of the Bank were such as to form a solid reason for its existence; but the Committee were led inevitably to add to those reasons the auxiliary, but none the less material advantages that it might have in the general position of present international finance.

46 Just as it had been difficult at the outset to table and discuss a precise programme of annuities under a new system until such a system were agreed in outline, because the amounts were themselves dependent upon that system, so at this point in the discussions it became difficult for various members to form definite opinions and commit themselves on all details as they were elaborated in the new system, until a clearer idea of the obligations that would be undertaken by Germany under that scheme had been obtained. Without, therefore, having resolved all points of doubt

on the new system or done more than sketch it in broad outline, they found that the moment had arrived when the discussion of figures became possible and necessary.

47 At this stage the following broad principles were understood to be likely to find their way into any final settlement :

48 1. a division of the annuity into an unconditional and a postponable part;

49 2. the necessity for continuing deliveries in kind for a few years;

50 3. the arrangement of suitable conditions for the postponable part in times of exceptional difficulty.

51 In order to put the question into concrete terms, memoranda were tabled by the Chairman, by the Experts of the four chief Creditor Countries and by the German Experts. A considerable time was spent in discussing these proposals without agreement being reached. Finally the Chairman prepared a new and independent plan in which these divergent views were brought closer together. The main feature of his plan was an average annuity of 2,050.6 million Reichsmarks; and, subject to certain reserves as to the matters of detail, this figure was accepted by the entire Committee as the basis of further discussion, and led to the unanimous recommendations now put forward. Among those reserves is the question of the settlement of the Belgian Mark claim which the Committee had continually in contemplation and the unanimous agreement upon which is to be found in Annex VI.

6. BANK FOR INTERNATIONAL SETTLEMENTS.

A. General reasons for the constitution of an Institution with banking functions.

52 A general plan for a complete and final settlement of the reparation problem, being primarily financial in character, involves the performance of certain banking functions at one or more points in the sequence between the initial payment of the annuities and the final distribution of the funds. A banking institution designed to meet these requirements justifies and makes logical the liquidation of all political controls and provides instead machinery essentially commercial and financial in character, which carries with it all the support and at the same time all the responsibilities that economic engagements imply. The process of removing the reparation problem from the political to the financial sphere which was begun in the Dawes Plan will thus be carried a step further.

53 In general terms, the institution will take over such functions of the existing agencies as it may be necessary to continue and will perform the whole work of external administration such as the receipt and distribution of payments and the commercialisation of those parts of the annuities which are susceptible of being commercialised.

54 The operations of the institution will be assimilated to ordinary commercial and financial practice. Its organisation will be outside the field of political influences and its powers and facilities will be sufficiently broad to enable it to deal freely and promptly with the problems involved in the settlement of Germany's obligations. The institution will be equipped with machinery which will provide an elastic element between the payments to be made by Germany and their realisation. In consequence, the Creditors will have further assurance that the effects of economic changes on the flow of payments will be minimised, and Germany for her part will have the possibility of assistance during temporarily unfavourable conditions.

55 It is obviously desirable, in the interest of obtaining results with the greatest efficiency, not to limit unduly the functions of the institution. The character of the annuities and the magnitude of the payments to be transferred over the exchanges provide at once the opportunity and the need for supplementing with additional facilities the existing machinery for carrying on international settlements, and within limitations of the sound use of credit, to contribute to the stability of international finance and the growth of world trade. We consider that by judicious non-competitive financial development the Bank should prove a useful instrument for opening up new fields of commerce, of supply and of demand, and will thus help to solve Germany's special problem, without encroaching on the activities of existing institutions.

56 In designing the plan for the Bank for International Settlements, which is given in outline in Annex I, we were therefore mindful of the fact that these new facilities should not supplant, but should augment and perfect existing arrangements for carrying through international settlements. The Bank will have (a) as its essential or obligatory functions those which are inherent in the receipt, management and distribution of the annuities, and (b) as its auxiliary or permissive functions those which evolve more indirectly from the character of the annuities. There is no harp and fast line between the two sets of functions, because the first lead naturally into the second.

B. Organisation of the Bank.

57 In view of the part which the Bank will have to play in the general interest it is advisable to place the control of its management in the hands of the central banks, since these are the organisations responsible in each market for the convertibility of the national currencies and the control of credit.

58 At the time of the Bank's constitution the capital will be geographically distributed in such a way as to associate in the Bank's working and in its development all

the countries interested in the reparation settlement and all the financial markets which may subscribe to the Bank's issues.

59 Provision is made for the utilisation of the net profits of the Bank, due allowance being made for the payment of cumulative dividends in the capital stock, to create suitable reserve funds. Provision is also made, in case Governments or central banks make long term deposits with the Bank, whereby they shall share proportionately in the remainder of the profits, after the requirements on account of dividends and the reserve funds have been covered.

60 Inasmuch as its international basis is an essential feature which distinguishes the institution from all others, it has no single fiscal allegiance and it is desirable that in its movements in the various national markets it should not be hampered or restricted by considerations of relative fiscal burdens. It is therefore recommended that the Governments of the countries concerned enter into a convention for the avoidance of double and triple taxation of the Bank along the following lines :

61 *a.* the funds and investments of the Bank to be freed from national taxation at the point where they derive interest, income and profit;

62 *b.* all individuals and corporations receiving profit, interest or income from the Bank to be fully liable thereon to such taxation as such individuals and corporations would attract if the profit, interest or income were derived from any other source.

63 1. *Capital.* — On the formation of the Bank its authorised capital will be in the equivalent of $ 100,000,000. The entire amount will be issued but only 25 per cent of each share shall be called up, until the Board of Directors decides on a further call. The allocation of shares by countries is provided for in Section II of Annex I. The shares will carry no voting rights; but voting rights corresponding to the number of shares first issued in each country will be exercised by the central bank of that country in the general meetings attended by representatives of those banks, taking the place of general meetings of shareholders.

64 2. *Administration.* — The entire administrative control of the Bank will be vested in the Board of Directors. The functions of a Director of the Bank are incompatible with those involving national political responsibilities, and the statutes of the Bank will make the necessary provision in order to avoid such conflict of functions. All the Directors and candidates shall be ordinarily resident in Europe, or shall be in a position to give regular attendance at meetings of the Board.

65 The Governor of the central bank of each of the seven countries to which members of the present Experts' Committee belong, or his nominee, will be entitled to be a Director of the Bank *ex officio*. Each of these Governors may also appoint one Director, being a national of his country and representative either of finance or of industry or commerce. During the period of the German annuities the Governor of the Bank of France and the President of the Reichsbank may each appoint, if they so desire, one additional Director of his own nationality, being a representative of industry or commerce. These fourteen (or, as the case may be, sixteen) Directors will elect not more than nine additional Directors from lists furnished by, and which may include, the Governors of central banks in other participating countries.

66 If in the process of organising the Bank or in the performance of its functions after establishment, it is found that the central bank of any country or its Governor is unable to act officially or unofficially in exercising the functions, authorities or privileges accorded to central banks under the Plan, or refrains from doing so, alternative arrangements not inconsistent with the laws of that country will be made. These alternative arrangements are outlined in Section XII of Annex I.

67 3. *Distribution of profits.* — The profits shall be divided in accordance with the provisions contained in Annex I.

C. General observations on the Bank.

68 The foregoing outline of the functions and organisation of the Bank for International Settlements, together with the fuller presentation of the Bank Plan in Annex I,

largely speaks for itself. It remains, however, to point out certain advantages which the Bank offers as against the existing reparation procedure, advantages which accrue both to Germany and to the Creditor Countries, because the Bank in putting the payments on a business basis makes their receipt the more certain and facilitates their movement.

69 The new facilities introduced by the Bank are in addition to the provisions given elsewhere in the Plan, whereby Germany is entitled to declare a postponement of transfer. They are rather in the nature of forestalling circumstances which might of themselves lead to a transfer postponement. These measures of prevention are of two general sorts : first, the Bank may employ its power of giving credit to arrange temporary assistance in transferring the annuities; second, the Bank will be in a position, in agreement with the Reichsbank, to invest in Germany Reichsmarks currently accruing to its account at the Reichsbank. This measure to the extent to which it may be utilised will return to the German economy a portion of the annuity, and through the Bank's credit mechanism provide the foreign exchange with which to pay the current allotments to the Creditors on account of the annuity. The application of either or both of these measures is prompt and decisive, and they operate in advance of the time when difficulties present themselves rather than afterwards, and serve to ease any strain until such time as the discount rate and other corrective measures have had opportunity to exert themselves.

70 It is not to be assumed that these two measures should be reserved for emergency use. The use of the Bank's credit by central banks within moderate limits and over short periods may in time become a normal function scarcely different in its exercise from the use of central bank credit by banks and bankers. All central banks, for ordinary exchange operations or for other purposes, would frequently find it advantageous to make use of the facility. The second measure, that of investing within Germany some portion of the annuity receipts, should also find its uses in normal

times. Both measures are necessarily limited by the funds which the Bank will have at its disposal and by the requirement that it maintains its liquidity at all times.

71 These are instances of the Bank's utility to Germany. They also illustrate the flexibility which the Bank's facilities give to the handling of the disbursements to the Creditors. Further instances of joint benefit may be briefly indicated. The Bank will be able to give short term and intermediate credit to purchasers of deliveries in kind, notably for the construction of public works on delivery-in-kind account. Intermediate credit operations need not be restricted, however, to any one country or to the purchase of any one country's goods. On the contrary, it would be desirable to broaden such operations in the interest of world trade to the extent that the Directors of the Bank approve. As a stabilising factor in the foreign exchanges its advantages are obvious; and if in due time the arrangements provided for an international settlement fund are put into effective operation, the Bank should go far to eliminate the costs and risks now incurred in the shipping and re-shipping of gold.

72 The Bank excludes from its procedure all political influences, and business principles and practice intervene to facilitate the settlement of Germany's obligations without in any way qualifying her independent and sole responsibility. The Office for Reparation Payments and its associated organisations in Berlin will be retired, and the Reparation Commission's relations with Germany will be terminated. Germany will assume the responsibility for raising and transferring the annuities, and the Bank takes over the work of their receipt and disbursement.

73 As already stated, the Bank is so designed as not to interfere with the functions performed by existing institutions, but it is to create for itself supplementary functions in a special field of its own. To this end every care should be exercised in the organisation and administration of the institution.

74 In the natural course of development it is to be expected that the Bank will in time become an organisation, not simply, or even predominantly, concerned with the handling of reparations, but also with furnishing to the world of international

commerce and finance important facilities hitherto lacking. Especially it is to be hoped that it will become an increasingly close and valuable link in the co-operation of central banking institutions generally — a co-operation essential to the continuing stability of the world's credit structure.

7. THE INFLUENCE OF THE FORM OF THE ANNUITY ON THE AMOUNT.

75 We are proposing a series of total annuities which should be paid with the regularity of the coupons of ordinary marketable bonds. But it is well recognised that to the economy of every country there may possibly come at some time or other a year of stress and difficulty. To make the economic scope of such a period the determinant of the maximum capacity in the ordinary course would be to fix a sum quite unacceptable to the Creditors and an unreliable test of normal capacity to pay. It would be like fixing the standard of physical effort expected from a workman in his years of health and strength by what he is capable of doing in his occasional weeks of illness.

76 While our proposals have made full allowance for all normal and long run considerations, it is possible that over exceptional and short periods the natural adjustment we contemplate might be insufficient. We have accepted the argument of the German Experts that in undertaking a responsibility of this character identical in its nature with the solemn covenants of a debtor on a commercial and financial basis Germany is well advised to consider carefully what are the limits of the burden which are possible for her final acceptance. We have therefore fully respected their scruples as to the undertakings they are prepared unconditionally to sign and have introduced a feature which can act as a safety valve in time of difficulty, viz : a right of postponement on Germany's initiative of the transfer (and, to a less degree, of payment) of a portion of the annuity. The range between the two figures (the unconditional portion and the total annuity) is not to be taken as evidence of doubt as to Germany's capacity of transfer (or of payment); it represents rather the concession that has been made to the honourable determination of the German Experts not to make themselves uncon-

ditionally responsible for any obligation which they are not certain is within their power of performance in all circumstances. It is, however, to be emphasised that the total amount of the annuity proposed, while being far from covering the claims set forth by the Creditors, is one which they have every reason to believe can in fact be both paid and transferred by Germany. The fact that part of it is postponable obviates the danger of being above Germany's capacity to transfer in a period of difficulty, and it was the recognition of this principle which was one of the factors enabling the German Experts to accept this scheme as an alternative not inconsistent with their original ideas.

77 In recommending that the system of deliveries in kind should be continued for a limited period and in decreasing amounts, we recognised, as is pointed out in Part 8 (*f*) of this Report, the necessity for maintaining a transitional period so that all shock to existing economic conditions in Germany should be avoided. Germany's power to transfer is thus maintained unimpeded by the friction of sudden changes in trade conditions.

8. ANNUITIES.

78 The Committee recommends that :

79 (1) The Governments shall fix the exact date of termination of the Dawes Plan and the substitution therefor of the new Plan. In fixing such date, the Governments should bear in mind that this Committee's calculations were made on the basis that the Dawes Plan would cease on August 31, 1929, and the new Plan commence on September 1, 1929.

80 In case the Governments should fix a date later than September 1, 1929, it is recommended that financial adjustments shall be made so that the basis of payments provided for under the new Plan shall nevertheless commence as of September 1, 1929, and the basis of payments provided for under the Dawes Plan should cease as of August 31, 1929.

81 (2) Payments under the Plan of the Dawes Committee should continue until the end of the present scheduled year, that is to say, August 31, 1929.

82 (3) The new Plan should go into effect September 1, 1929, with the value of the 37 annuities of 1,988.8 million Reichsmarks until March 31, 1966, the payments for the Dawes Loan to be added.

83 (4) Payments to be made under the Dawes Plan, during the five months period preceding September 1, 1929, after allowing for the Dawes Loan, should be treated as payments necessary to cover the requirements of the Creditor Nations during this transition period, including outpayments for the year ending March 31, 1930.

84 Should there remain any surplus after meeting the foregoing requirements, the question of disposing of such surplus, as well as all matters and expenses in connection

with the transition from the operation of the existing arrangements to the new Plan shall be settled and adjusted between the Governments.

85 (5) In order that the new annuities shall coincide with the German fiscal years, the schedule of payments to be made by Germany on and from September 1, 1929, will be as follows :

				MILLION R. M.
86	7 months.....	1st Sept. 1929.....	31st March. 1930.....	742.8
	36 German Fiscal years (1)	1st April 1930.....	— 1931.....	1,707.9
		— 1931.....	— 1932.....	1,685.0
		— 1932.....	— 1933.....	1,738.2
		— 1933.....	— 1934.....	1,804.3
		— 1934.....	— 1935.....	1,866.9
		— 1935.....	— 1936.....	1,892.9
		— 1936.....	— 1937.....	1,939.7
		— 1937.....	— 1938.....	1,977.0
		— 1938.....	— 1939.....	1,995.3
		— 1939.....	— 1940.....	2,042.8
		— 1940.....	— 1941.....	2,155.5
		— 1941.....	— 1942.....	2,180.7
		— 1942.....	— 1943.....	2,198.0
		— 1943.....	— 1944.....	2,194.3
		— 1944.....	— 1945.....	2,207.5
		— 1945.....	— 1946.....	2,203.8
		— 1946.....	— 1947.....	2,199.5
		— 1947.....	— 1948.....	2,215.2
		— 1948.....	— 1949.....	2,210.0
		— 1949.....	— 1950.....	2,316.8
		— 1950.....	— 1951.....	2,359.2
		— 1951.....	— 1952.....	2,343.2
		— 1952.....	— 1953.....	2,346.2
		— 1953.....	— 1954.....	2,353.3

(1) Constant annuity 37 years corresponding to 1,988.8, Dawes Loan to be added.

				Millions R. M.
36 German Fiscal years (1)	1st April 1954.....	31st March.	1955.....	2,364.6
	— 1955.....	—	1956.....	2,359.8
	— 1956.....	—	1957.....	2,354.2
	— 1957.....	—	1958.....	2,361.8
	— 1958.....	—	1959.....	2,393.8
	— 1959.....	—	1960.....	2,370.6
	— 1960.....	—	1961.....	2,380.5
	— 1961.....	—	1962.....	2,398.3
	— 1962.....	—	1963.....	2,390.2
	— 1963.....	—	1964.....	2,402.6
	— 1964.....	—	1965.....	2,402.1
	— 1965.....	—	1966.....	2,428.8

87 Thereafter there remains the following schedule of payments to be made by Germany, subject to the special provisions dealing with these years :

88

1966-67.....	1,607.7
1967-68.....	1,606.9
1968-69.....	1,616.7
1969-70.....	1,630.0
1970-71.....	1,643.7
1971-72.....	1,653.9
1972-73.....	1,662.3
1973-74.....	1,665.7
1974-75.....	1,668.4
1975-76.....	1,675.0
1976-77.....	1,678.7
1977-78.....	1,685.4
1978-79.....	1,695.5
1979-80.....	1,700.4
1980-81.....	1,711.3
1981-82.....	1,687.6
1982-83.....	1,691.8

(1) Constant annuity 37 years corresponding to 1,988.8, Dawes Loan to be added.

1983–84	1,703.3
1984–85	1,683.5
1985–86	925.1
1986–87	931.4
1987–88	897.8

89 Out of the above annuities the following amounts shall be unconditional, i.e. payable without any right of postponement of any kind in foreign currencies by equal monthly instalments, viz : 660 million R.M. per annum, to include whatever amounts are required for the service of the German External Loan 1924.

90 The remainder of the annuity shall be payable in foreign currencies by equal monthly instalments, but subject to the conditions as regards postponement of transfer and of payment set out in Annex IV of this Plan.

91 The German Government undertakes for the purpose of the present provisions, as well as for the general purposes of the Plan, that the Reichsmark shall have and shall retain its convertibility into gold or devisen as contemplated in Section 31 of the present Reichsbank Law, and that for these purposes the Reichsmark shall have and shall retain a mint parity of 1/2790 kilogram of fine gold as defined in the German Coinage Law of August 30, 1924 (1).

92 For the purpose of para. 4 above, the outpayments for the year ending March 31, 1930, are as follows :

	EQUIVALENT IN MILLIONS OF R. M.
93 France	338.1
Great Britain	366.6
Italy	107.8
Belgium	23.4
Roumania	8.8
Serbia	5.9
Greece	5.3
Portugal	7.2
TOTAL (millions R. M.)	863.1

(1) Attention is called to the letter from the President of the Reichsbank given in Annex II.

94 Provision is made in Section XI of Annex I whereby a percentage of the Special Reserve Fund accumulated in the Bank shall be placed at Germany's disposal, if required, towards meeting the last 22 annuities payable under the above scale.

95 In calculating the above annuities we have taken into account the expenditures devolving upon Germany during the period of the new Plan such as were covered by the Dawes Plan. However, we have not included the costs of Commissions and the current expenses of Occupation as they are to continue only until a date to be fixed by the Governments. The necessary arrangements for their payment should be made by the Governments in connection with the adoption of the new Plan.

96 Apart from the foregoing, we recommend that, as from the date of the putting into force of this Plan, Germany's previous obligation shall be entirely replaced by the obligation laid down in this Plan, and that the payment in full of the proposed annuities in accordance with this Plan should be accepted by the Creditor Powers as a final discharge of all the liabilities of Germany, still remaining undischarged, referred to in Section XI of Part I of the Dawes Plan, as interpreted by the decisions already given by the Interpretation Tribunal set up under the London Agreement of August 30, 1924. That Tribunal should be retained in existence and any dispute that may arise between Germany on the one side and the Creditor Governments, or any one of them, or the Bank, on the other side, as to the extent of these liabilities or as to any other question of the interpretation or application of this Plan should be referred to it for final decision.

97 In the course of their proceedings the Experts of the principal Creditor Powers have also dealt with the question of the distribution of these annuities among the Creditor Powers. Their recommendations, drawn up after careful examination of the existing distribution arrangements and of other relevant considerations laid before them and with due regard to the rights and equities of the other countries (1) having a share in

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(1) Greece, Portugal, Poland, Roumania, Serbia, Japan and the United States of America.

the Dawes annuities, are set out in Annex VII which they consider an inseparable part of the present Report.

COMPOSITION OF THE ANNUITIES.

8 (*a*) Source and securities

98 1. The annuities are to be derived from two sources :

1. the German Railway Company;

2. the Budget of the Reich.

99 The Committee, after a careful examination of the proposals put forward by the German Experts, were of the opinion that the annuities recommended by them should not be drawn wholly from the German Budget, but that one source of payment utilised by the Dawes Plan, viz. : the Railway Company, should be maintained. We desire to make it clear, however, that the retention of a contribution from the Railway Company is recommended not only from the point of view of security but also as a suitable method of raising the necessary revenue.

100 We have also considered the position with regard to the assigned revenues, and having regard to the fact that these revenues are pledged as collateral security for the service of the German External Loan of 1924, we feel it is impossible to recommend the release thereof. Nevertheless we are of opinion that it would be suitable for the German Government to discuss with the Trustees for the Bondholders of that Loan the possibility of simplifying as far as possible the existing machinery, and that the Creditor Governments for their part should accept a similar arrangement. The effective security of the Creditor Governments should be substantially that indicated in Annex III (Section III).

101 Apart from these special questions, the Committee desires to record its view that

the basis of security for the payment of the annuities is the solemn undertaking of the German Government, to which no further guarantee can add anything whatsoever.

102 The Committee accordingly recommends that the Creditor Governments should take steps to release all controls, special securities, pledges or charges which may remain in their hands other than those specifically referred to above, and should recognise that their acceptance of the solemn undertaking of the German Government replaces any securities, pledges, charges or controls as may now exist.

103 2. *The contribution from the German Railway Company.* — Under the German Railway Law of August 30, 1924, enacted in accordance with the Dawes Plan, the German Railway Company is subject to a mortgage for eleven milliard gold marks, in favour of the Trustee for the German Railway Bonds, and has issued to him a bond for eleven milliard gold marks. This bond bears interest at 5 % per annum and carries a cumulative sinking fund of 1 % per annum, which first became operative on September 1, 1927; interest and sinking fund being guaranteed by the Government of the Reich.

104 This Plan contemplates the abolition of the Railway Bonds, together with the attendant circumstances of foreign participation in the management of the Railway, and substitutes a contribution from the Railway Company, as set out in the following paragraphs :

105 The Railway Company shall be under an obligation to pay for 37 years a direct tax, comprising if necessary the transport tax, to an annual amount of 660 million R. M., being equal to the annual amount of the non-postponable annuity. This tax shall be imposed by German legislation, and the receipts therefrom guaranteed by the German Government. The Railway Company shall deposit with the Bank for International Settlements a certificate acknowledging its liability in respect of this obligation.

106 The amount payable shall be raised from the gross revenues of the Company, ranking after the expenditure on personnel, and on the same footing with expenditure on material and consumable stores. It shall enjoy priority over any other tax now

levied on the Railway Company, or which may be levied in the future, and shall rank prior to any other charge, by way of mortgage or otherwise, on the Company. It shall be paid direct by the Railway Company to the account of the Bank for International Settlements at the Reichsbank in instalments as laid down in Part 8.

107 The foregoing conditions shall be incorporated in the Law governing the Railway Company.

108 It shall be one of the duties of the Organisation Committee proposed in Annex V of this Report to make suitable provision whereby the private and independent character of the German Railway Company, including its autonomous administration in economic, financial and personnel matters shall continue for the period of the Plan without interference from the German Government.

109 3. *The Transport Tax.* — In addition to the 660 million gold marks now payable directly by the Railway Company, the Dawes Plan requires a contribution to the standard annuity of 290 million gold marks out of the actual yield of the transport tax. This tax is imposed by the German Government and the German Railway Company collects it for the Government. The total yield of the transport tax, now considerably in excess of 290 million gold marks appears among the receipts of the Budget of the Reich, and the contribution of 290 millions appears among its expenditures. Under this Plan the direct tax on the Railway Company comprises if necessary the transport tax which is otherwise relieved from any special charge on account of reparations.

110 4. *The charge on German Industries.* — Under the Industrial Charges Law enacted in accordance with the Dawes Plan, bonds aggregating five milliard gold marks have been issued in respect of the German industries by the Bank for German Industrial Debentures to the Trustee for the German Industrial Debentures. These bonds bear interest at 5 % per annum and carry a cumulative sinking fund of 1 % per annum which first became operative September 1, 1917, principal, interest and sinking fund being guaranteed by the Government of the Reich. The present contribution to the annuity from the Industrial Debentures thus amounts to 300 million gold marks.

This particular charge in no way differs from ordinary taxation, save in the complications it involves in legislation and the machinery of collection. We recommend that it be discontinued and that its disappearance be taken into account in distributing the relief from taxation which this Plan will enable the German Government to bring into effect.

111 5. *The charge on the Budget of the Reich.* — Under the Dawes Plan, the contribution from the Budget of the Reich in the fifth or current annuity year amounts to 1,250 million gold marks, or one-half of the total standard annuity. This contribution is a charge on the Budget as a whole specifically secured by the assignment of the revenues from customs, beer, tobacco, sugar and alcohol to the Commissioner of Controlled Revenues. These revenues are paid by the collecting Offices directly into the account of the Commissioner at the Reichsbank. As early as practicable in each month, out of the funds accumulated in his account, the Commissioner pays into the account of the Agent General at the Reichsbank one-twelfth of the annual contribution from the budget and thereafter in each month the revenues are automatically transferred by him to the account of the German Government at the Reichsbank. Under this Plan the procedure to be followed will be worked out in detail, by the appropriate organisation committee proposed in Annex V, regard being had so far as necessary to the arrangements which may be accepted by the Trustees of the 1924 Loan.

112 As the amount contributed by the German Railway continues for 37 years at the fixed level of 660 million R. M. a year, the charge on the Budget of the Reich varies with the total amount of the annuity. In the second year it stands at the figure of 1,136,400,000 R. M., and rises to a maximum of 1,768,800,000 R. M. in the 37th year. Thereafter the contribution from the Railway Company ceases, the annuity falls sharply and the Budget contribution covers the whole of the German liability for the remainder of the Plan.

113 The average increase in the budgetary contribution during the first 20 years is

about 24 million R. M. annually, or about .24 of 1 % of the total revenues of the Budget of the Reich, which at present are just under ten milliards. his moderate and gradual increase in the budgetary contribution under the definitive settlement Plan ought to be met in ordinary years without recourse to additional taxation. Indeed the substantial reduction of the budgetary contribution as compared with the Dawes Plan ma'es possible an immediate resumption of the tax reduction programme which has been in progress since 1924. The Committee hope that such further tax reductions coupled with a definitive reparation settlement will give a strong stimulus to saving and thereby materially assist in the internal formation of the new capital which Germany still requires.

8 (*b*) Progression.

114 The authors of the Dawes Plan believed that they could count upon a certain, substantial and progressive increase in the prosperity of Germany, arising not only from the employment of the rapidly increasing wealth of that country, but also from the steady progress of world prosperity, and this belief found expression in the device of an Index of Prosperity. The Plan contemplates that the amounts which Germany pays upon a fixed scale shall increase generally speaking year by year until 1966, reflecting in some small measure this anticipated increase in her prosperity. However, the annuities proposed are to start at a level which not only gives immediate and important relief to the German Budget, to her exchange position and to her need for additional internal formation of capital, as compared with the Standard Dawes Annuity of 2,500 million gold marks, but also provides the greatest possible assurance that the new scheme will function from the beginning without any hitch or disturbance.

8 (*c*) The non-postponable annuities.

115 Not the least difficult part of the task was the determination of the figure which Germany could immediately undertake as a final and unconditional obligation.

The point at which difficulties might begin to arise in making transfers into foreign currencies is not exactly definable in advance; but every care has been taken to be so far within this limit as to remove every possibility of the risk of error. We recognise that in fixing the figure payable by Germany in foreign currencies, without any right of postponement whatever, at 660 million R.M., we have taken a conservative amount. But we are satisfied that it is wiser deliberately to underestimate than to run the slightest risk of weakening German credit by proposing a figure which might not command instant acceptance by well-informed public opinion.

8 (*d*) The postponable annuities.

116 In addition to the unconditional part of the annuity we propose a postponable part, transfer of which may in certain circumstances, set out below, be postponed for a period not exceeding two years.

117 This postponable part of the annuity is designed to meet the situation which might arise in a period of special economic difficulty and distress. There will be other ways of meeting such a situation, and if they are applied our view is that recourse to this abnormal measure will not in fact prove to be necessary. Nevertheless as an additional precaution it is valuable to Germany, and provides, by its very existence, a safeguard against the dangers which too rigid a framework might have called into existence.

8 (*e*) Measures of safeguard.

118 The essence of the additional margin of safety given to a part of the annuities lies in the power to postpone transfer. We are recommending, in order to protect Germany against the possible consequence of a comparatively short period of depression, which might, for internal or external reasons, put such a severe strain on the exchanges as would make the process of transfer abroad dangerous, that the German Government should have the right, on giving ninety days' notice, to postpone transfers for a period not exceeding two years under conditions set out in Annex IV. During the period

of postponement, the liability of the German Government with regard to the sums affected would in the first instance be limited to payment in Reichsmarks to the account at the Reichsbank of the Bank for International Settlements; under certain conditions part of this payment may also be withheld.

119 Upon the declaration of any postponement the Bank for International Settlements shall convene the Special Advisory Committee. At any other time when the German Government declare to the Creditor Governments and to the Bank for International Settlements that they have come to the conclusion in good faith that Germany's exchange and economic life may be seriously endangered by the transfer in part or in full of the postponable portion of the annuities, the Committee shall also be convened.

120 Upon being convened the Special Advisory Committee shall forthwith consider the circumstances and conditions which have led up to the necessity for postponement, or have created a situation in which Germany considers that her exchange and economic life may be seriously endangered by further transfers of the postponable portion of the annuity, and make a full investigation of Germany's position in regard to her obligations under this Plan.

121 In their report to the Governments and to the Bank, having (in case of a postponement of transfer) satisfied themselves that the German authorities have used every effort in their power to fulfil their obligations, they shall indicate for consideration by the Governments and the Bank what in their opinion are the measures that should be taken in regard to the application of the present Plan.

122 It shall further be the duty of the Bank during a postponement of transfer to direct, in conjunction with the Reichsbank, the employment of the Reichsmarks paid to its account at the Reichsbank by the German Government (See Section VI of Annex I to this Report).

123 The following paragraphs sketch the organisation of the Special Advisory Committee of the Bank for International Settlements referred to in the preceding paragraphs :

124 1. The Committee shall act in a purely consultative capacity. Its findings shall

have no effective force unless confirmed and accepted by the Bank as Trustee of the Creditors, and if necessary by the Governments concerned.

125 2. The Committee shall play no part in connection with the unconditional annuity accepted by Germany and referred to in the Plan as the "unconditional annuity".

126 3. The Committee shall be convened by the Bank according to the rules of its own constitution when notice shall be received from the German Government. It shall not be required to meet at any other time.

127 4. The Committee shall consist of seven ordinary and four co-opted members. The ordinary members shall be nominated one by each of the following :

128 The Governors of :

the Reichsbank;

the Banque de France;

the Bank of England;

the Banque Nationale de Belgique;

the Banca d'Italia;

the Bank of Japan;

a Federal Reserve Bank of the United States or some other agreed American financial institution,

129 in the last two cases such nominee being ordinarily resident in Europe or in a position to give prompt attendance on a meeting of the Committee being called. These nominees of the Governors of the Banks shall not be officially connected with the banking institutions in question nor with the Government departments of their respective countries. After being summoned they may, if they so desire, co-opt not more than four additional members with the intent that special aspects, whether in finance, exchange, industry, etc., of the particular situation in question shall be represented. During the course of the proceedings and until the report is made, the co-opted

members shall be equal in all other respects to the ordinary members but they shall thereafter be discharged from office.

130 5. The Committee may proceed by way of hearing evidence or asking for documents, as it may desire, but the President of the Reichsbank and/or any other person nominated by the German Government may appear before or submit to the Committee the reasons for which a postponement has been declared or measures are desirable as indicated above.

131 The Committee shall neither grant nor refuse a postponement. After making enquiry, it shall report to the Governments and the Bank as indicated above.

132 6. Unless otherwise arranged by consent the expenses of the Special Advisory Committee shall be borne by the German Government.

8 (*f*) Deliveries in Kind.

133 The system of deliveries in kind under the Dawes Plan has come to play an important role in the economic life of Germany. We would not suggest the unlimited continuation of this system, which is open to many objections of a practical as well as a theoretical nature. We have felt however that its immediate cessation would not be in the interests of Germany or of the Creditor Powers, and that it would impose difficulties upon the export trade of Germany which might be injurious to her capacity to transfer. We therefore recommend that the principles of the Dawes Plan with reference to deliveries in kind should continue in existence for a limited period, and that the Creditor Nations should agree for a period of ten years to absorb by this means in respect of each year, a limited and decreasing amount of the postponable portion of the annuity, substantially in accordance with the following table :

134

	MILLIONS.
1st year	750
2nd year	700
3rd year	650

	MILLIONS.
4th year	600
5th year	550
6th year	500
7th year	450
8th year	400
9th year	350
10th year	300

135 The foregoing table to be adapted to the actual annuities of the new Plan without increasing the total.

136 The Creditor Powers by arrangements effected among themselves will fix the proportions in the total of each year's volume of deliveries in kind (including deliveries under Reparation Recovery Acts or any equivalent system substituted therefor by agreement up to 23.05 % for Great Britain and 4.95 % for France of the total amount provided for each year) which each of them will receive.

137 The Bank for International Settlements shall manage the disbursements on deliveries in kind account, and in making distributions of cash to the Creditor Countries shall have due regard for those portions of the annuity which are restricted to payments for deliveries in kind.

138 The Committee also recommends that new Regulations be adopted by the Governments modifying the Wallenberg Regulations to conform to the new Plan and so far as practicable simplifying and liberalising them.

139 The Committee recommends that provision be made in the new Regulations permitting the several Powers to dispose of some part o their respective quotas of deliveries outside of their own territories under suitable restrictions.

140 The proposed repartition of the deliveries in kind among the several Creditor Powers is contained in Annex VII dealing with repartition of the annuities.

9. LIQUIDATION OF THE PAST.

141 In order to arrive as rapidly as possible at a general liquidation of the financial questions raised by the war and the subsequent Treaty of Peace, a liquidation which alone can ensure the definite return of Europe to normal financial and economic conditions, the Committee recommends the clearing up of these questions in a broad spirit of mutual concession.

142 We understand that a settlement on these lines will render obsolete the accounts between the Reparation Commission and Germany relating to transactions prior to the period of the Dawes Plan together with all accounts involving credits against the original capital debt. We are strongly of opinion that these accounts should be closed at the earliest moment.

143 The Creditor Governments under this Plan will be reducing the whole body of their claims arising out of the war or under the Treaty of Versailles to a considerable extent. The Experts of the Creditor Countries are aware that past transactions have given or may give rise to claims by Germany, some of which are still unsettled, and while they are not able to go into the merits of these claims, they consider that the Creditor Governments are fully entitled to expect that Germany should waive them in consideration of the consolidation of the Creditors' claims at a reduced figure. Any other course would be inconsistent with their intention that, just as the new annuities cover all the claims defined in Part XI of the Dawes Plan, so they should be paid free of deduction in respect of any past transactions. The Committee recognises however that this is entirely a matter for the Governments to deal with.

144 To assure the general confidence indispensable for the successful working of this Plan the Committee recommends that the Governments make no further use, from the date of the acceptance of this report, of their right to seize, retain and liquidate property, rights and interests of German nationals or companies controlled by them

in so far as not already liquid or liquidated or finally disposed of, and that the outstanding questions concerning such property should be definitively cleared up within one year after the coming into force of this Plan by arrangements between the Governments concerned and Germany. This recommendation naturally has no application in cases where special settlements have already been made.

145 The acceptance of this Plan necessarily involves the dissolution of the joint liability of Germany on the one side with Austria, Hungary and Bulgaria on the other side for reparation and therefore finally abolishes every obligation present or future in either direction which may result between these Powers from this joint liability.

146 The Committee recommends in particular that the Creditor Powers should abstain from recovering the credits of Germany against her ex-allies referred to in Article 261 of the Treaty of Versailles, Germany for her part renouncing any net balance which might be due to her as a result of these credits.

147 In their unanimous desire that the remaining financial questions arising out of the war should be settled as soon as possible, in order to promote the spirit of international harmony and collaboration, the Experts unanimously recommend to the Creditor Governments that, within the first year of operation of the new Plan, they complete the work of the Experts' Committee by dealing with and disposing of the claims and debts for ceded properties and liberation bonds, held in the hands of the Reparation Commission against the so-called Succession States. This question is referred to in Annex VII.

10. COMMERCIALISATION AND MOBILISATION.

148 Having recommended the creation of the Bank for International Settlements in order to provide machinery for the removal of the reparation obligation from the political to the financial sphere, we have further considered what procedure is necessary in order to assimilate this obligation as closely as possible to an ordinary commercial obligation ("commercialisation").

149 Further, certain Governments are known to attach particular importance to the possibility of raising money by the issue to the public of bonds representing the capitalisation of the unconditional portion of the annuity ("mobilisation").

150 It is of course not within our power to advise as to the time at which such issues can be made with advantage, or as to the terms and conditions on which issues should be made. The arrangements to be made would no doubt vary according as, for example, an issue is to be made for cash in the general interest of all the Creditor Governments, or an internal issue is to be made in one single country by way of conversion of Government Debt. It will be the province of the Bank itself to advise upon such matters; but we have thought it necessary to advise a framework within which these operations may take place.

151 This framework is given in Annex III. It provides first that the annuities themselves shall be represented by a German Government certificate of indebtedness deposited with the Bank, similar to those in use in ordinary commercial practice (a proper distinction being made in the coupons between the conditional and unconditional portions of the annuity). The provisions regarding security are given in the Annex, and the conditions in which mobilisable Bonds should be created and issued are defined.

152 One of the most important provisions of this scheme is that annuity moneys should

be distributed by the Bank in strict proportion to the rights of each party — whether Government or bondholder.

153 As far as, according to the conditions of the issue, reparation loans (general or conversion loans) are subject to an anticipated redemption, Germany should be entitled to redeem these loans; the part of the annuity destined for the service of the redeemed loan will then accrue to her. The wish has been expressed that so far as possible reparation loans will not be issued without granting the debtor an appropriate right of anticipated redemption.

154 We recommend that Germany should also have the right to redeem all or any part of not yet mobilised annuities on a basis of 5 1/2 °/₀ discount.

11. THE NEW PLAN CONTRASTED WITH THE DAWES PLAN.

155 The Dawes Plan, although drawn up at a time of intense crisis, has by a test lasting over nearly five years justified by facts the postulates on which it was based as regards both the restoration of the public finances of Germany and her economic recovery.

156 It may be well to summarise briefly the points of advantage — whether to Germany or her Creditors — claimed for the new proposal, which justify a departure from a scheme that has in the past rendered signal service.

157 The Plan drawn up by the Committee to afford a definite solution of the reparation question accompanies a reduction in the existing obligations of Germany by an essential modification in their financial and political status. In so far as the Creditors are relinquishing substantial advantages in the face value of payments due under the Dawes Plan, they are doing so only by reason of those improvements in intrinsic and available values which arise from the practicability and certainty of commercialisation and mobilisation within a reasonable period and in its attendant financial and economic psychology.

158 Among the modifications, which are considered specially important are the following :

159 (1) *Fixation of the period and the debt.*

The Dawes Plan imposes in virtue of the Index of Prosperity increasing annuities, of which the number is not fixed. The new programme indicates a definite number of fixed annuities.

160 (2) *Disappearance of the Index of Prosperity.*

Only estimates, which vary very widely, of the ultimate effect of the Index of Prosperity can at this date be made. But in no circumstances could Germany benefit therefrom, and the disappearance of this element of uncertainty is wholly to her benefit.

161 (3) *Attainment of financial autonomy.*

Under the Dawes Plan Germany can only obtain the discharge of her obligations in marks by the existence of a system of transfer protection which involves a measure of external control. This brings attendant limiting effects on German credit and financial independence which render difficult, if not impossible, any mobilisation of the German debt. The new Plan would be abandoning the fundamental purposes for which it was intended if it did not cancel this clause and leave to Germany the obligation of facing her engagements on her own untrammelled responsibility.

162 (4) *Postponement safeguards.*

Nevertheless, if an exceptional emergency interrupts the normal course of economic life to which the scheme is adapted, Germany can, on her own initiative, resort to certain measures of temporary relief.

163 The annuity is divided into two parts, of which one is subject to postponement of transfer and payment. Germany will thus be enabled under certain circumstances temporarily to relieve her balance of payments, and will in fact enjoy the advantages of a form of transfer protection without its attendant limitations.

164 (5) *Deliveries.*

While the Dawes Plan reluctantly accepted the expedient of deliveries in kind, the new Plan, in spite of the desire of the Creditor Powers to dispose freely of their shares of the annuities, recognises the undesirability of a sudden cessation of the system at present in force. The Creditors are therefore to take deliveries in kind for ten years, but in decreasing amounts beginning with 750 millions.

165 (6) *Mobilisation.*

From the point of view of the Creditor Powers an essential feature of the new Plan, which induces them to agree to reduction on their claims that leave them burdened with a considerable part of their expenditure for the damages caused by the war, is the fact that the annuity is paid in a form lending itself to mobilisation.

166 (7) *Financial organisation.*

The organisation and machinery of the Dawes Plan were based on the conviction that it must find its proper guarantee in the interest of all parties to carry it out in good faith. In aiming as it did at the transference of the reparation payments from the political to the economic and business sphere, it presumed constant co-operation of Debtor and Creditors alike. The new system goes further along the same road, replacing the collaboration of separate administrative and governmental organisations by common work in a purely financial institution, in the management of which Germany is to have an appropriate part. The present administrative organisations cannot have all the elasticity necessary for banking transactions of the magnitude of the payment and transfer of the annuities; but the new Bank in close association with the banks of issue and with the banking facilities at its command will have all the necessary means of effecting these operations without disturbance to the German economy or to the economy of other countries. In addition it will be in a position to open up to trade new possibilities of development. The operations which it is to undertake cannot be disturbed or hampered without irreparable damage to the credit of the countries concerned. This assurance should make it possible to limit the guarantees established under the present system for the protection of the rights of the Creditors to the minimum required for the prompt and facile commercialisation of the mobilisable part of the annuity.

167 (8) *Summary.*

The proposed Plan continues and completes the work begun by the Dawes Plan, which the position alike of Germany and of the other countries made it impossible to do more than indicate in outline in 1924. By the final reduction and fixation of the German debt, by the establishment of a progressive scale of annuities, and by the facilities which the new Bank offers for lessening disturbance in the payment of the annuities, it sets the seal on the inclusion of the German debt in the list of international settlements. If it involves appreciable reduction of payments to the Creditor Count-

ries on what might have been anticipated under the continued operation of the Dawes Plan, it at the same time eliminates the uncertainties which were inherent in that Plan and were equally inimical to the interest of the Debtor and to the Creditors, by substituting a definite settlement under which the Debtor knows the exact extent of his obligations.

12. CONCLUSIONS.

168 It has been our object to make proposals for financial obligations, which, with the conditions and safeguards that accompany them, shall be within Germany's capacity to pay, and we believe that we have achieved this purpose. We realise the responsibility of this declaration, and we recognise how much depends on the future attitude towards one another of the peoples which, by ratification of their respective Governments, are to become parties to this agreement. For the solution of the reparation problem is not only a German task but in the common interest of all the countries concerned; and it requires the co-operation of all parties. If their attitude should be tinged with antagonism, even with suspicion, or a desire to create or continue one-sided economic discriminations, a settlement perfectly feasible with goodwill would sooner or later encounter difficulties, so that the long, slow, patient task of reconstruction in Europe would be definitely retarded. For without good faith and mutual confidence, all agreements, all guarantees are unavailing. If, on the other hand, our proposals are adopted with goodwill by all concerned, and the rest of the world has confidence in the constructive value of this mutual accord, then indeed there can be no reasonable doubt that the agreement will be capable of complete fulfilment, and the nations it concerns will be brought to a higher level of economic stability and of mutual understanding than ever before.

169 Finally, we would point out, like our predecessors on the Dawes Committee that :

"We regard our report as an indivisible whole. It is not possible, in our opinion, to achieve any success by selecting certain of our recommendations for adoption and

rejecting the others, and we would desire to accept no responsibility for the results of such a procedure nor for undue delay in giving execution to our Plan".

Paris, June 7th, 1929.

FRANCQUI.	J. C. STAMP.	Owen D. YOUNG.
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SUGGESTED OUTLINE FOR THE ORGANISATION OF THE BANK FOR INTERNATIONAL SETTLEMENTS.

1 In Section III of the following outline provision is made for an Organisation Committee which will have the duty of putting the Bank project into effect. This outline has been drawn up for the benefit of the Organisation Committee which will have power generally to modify its provisions or to make substitutions for any or all of them, provided always that such modifications or substitutions shall not be inconsistent with the essential functions of the Bank with respect to the Experts' Plan as a whole.

I. PURPOSE, NAME AND LOCATION.

2 The Bank organised under this Plan shall be known as the "Bank for International Settlements".

3 The purpose of the Bank is to provide additional facilities for the international movement of funds and to afford a ready instrument for promoting international financial relations. In connection with the German reparation annuities, it shall perform as trustee for the Creditor Countries the entire work of external administration of this Plan, shall act as the agency for the receipt and distribution of funds, and shall supervise and assist in the commercialisation and mobilisation of certain portions of the annuities.

4 It shall be located in a financial centre hereafter to be designated. In selecting the country of incorporation due consideration shall be given to obtaining powers sufficiently broad to enable it to perform its functions with requisite freedom and with suitable immunities from taxation.

II. SHARE CAPITAL.

5 The authorised capital of the Bank may be expressed in the currency of the country of domicile, and shall amount to the round equivalent of $ 100,000,000. Upon the formation of the Bank the whole authorised capital shall be issued, but only 25 per cent of each share shall be then paid in. The Board of Directors of the Bank shall have power to call for the payment of further instalments; it shall also have the power to authorise an increase or a reduction in the total capital stock of the Bank.

6 In each country in which the shares of the Bank may be offered for sale, the shares shall be issued through the central bank of that country or other agency to which the central bank offers no objection. In the seven countries to which members of the present Committee belong, issues or allocations of shares shall always be made in equal amounts. The central banks of these countries, or banking groups not objected to by them, shall guarantee the subscription of the whole of the first issue in the round equivalent of $ 100,000,000; but they may agree with central banks or groups in other countries (particularly those interested in reparations) that an amount of the first issue not exceeding the round equivalent of $ 4,000,000 for each, and not exceeding the round equivalent of $ 44,000,000 in all, may be issued in other countries.

7 In the event of an increase in the authorised capital and a further issue of shares, the distribution among countries shall be decided by a two-thirds majority of the Directors of the Bank on the above principles. In particular, the percentage of the total shares issued in the seven countries first mentioned above shall not fall below 55.

8 Apart from countries interested in reparations, only countries which have, at the time an offering of shares is made, a currency stabilised on a gold or gold exchange basis may participate.

9 The shares may be expressed in the currency of the country in which the Bank is

domiciled and shall state the amount of the share at the gold mint parity of the currency of the country in which they are issued; they shall be registered and continue to be registered, but may be freely negotiated. Transfers of the shares after issue shall not affect the voting power reserved to the central banks as described below. Payments to the shareholders on account of dividends or at the liquidation of the Bank shall be made in the currency of the country of domicile.

10 The shares shall carry no voting rights; but voting rights corresponding to the number of shares originally issued in each country shall be exercised by the central bank of that country in the general meetings of the Bank (taking the place of the general meetings of shareholders) which the representatives of the participating central banks will attend.

11 The shares shall be entitled to participate in the profits of the Bank as indicated in the Section "Distribution of Profits".

III. ORGANISATION COMMITTEE.

12 For the purpose of taking the preliminary steps for putting the Bank project into effect a temporary Committee shall be created which will be known as the "Organisation Committee". This committee shall be appointed by the Governors of the central banks of the seven countries to which members of the present Committee belong. The Governor of each of these seven central banks shall be entitled to designate two members of the Organisation Committee with due regard for the necessity of including in its membership persons versed in banking, the issue of bonds and the work of the present Committee of Experts. If for any reason, the Governor of any of these central banks shall be unable officially or unofficially to designate members of the Organisation Committee, or refrains from doing so, the Governors of the remaining central banks shall invite two fellow-nationals of the Governor not participating, to act as members of the Committee. The members thus selected shall have in all respects an equal vote in the work of the Committee with the members otherwise

chosen. The decisions of the Organisation Committee shall be taken by a three-quarters vote.

13 As an essential part of its work, the Organisation Committee shall proceed with drawing up a charter for the Bank, which shall be consistent with the provisions of the Plan, and shall take such steps as may be necessary to ensure its timely granting or enactment by appropriate public authorities.

14 The Organisation Committee shall, until such time as the Board of Directors of the Bank is appointed and takes office, proceed with the physical organisation of the Bank. It shall arrange, in accordance with the procedure prescribed in Section II, for the subscription of the capital stock, and, in accordance with the procedure prescribed in Section IV, for the appointment of the Board of Directors. It shall call the first meeting of the Board of Directors and designate the temporary Chairman to preside at that meeting pending the election of the regular Chairman. It shall draw up the statutes for regulating the administration of the Bank and submit them to the Board of Directors for consideration. These statutes shall make provision for such matters as are usual in banking organisation and in particular provide for the following :

15 1. The qualifications for membership on the Board of Directors;

16 2. The nature and duties of the permanent committees of the Board of Directors, including the Executive Committee;

17 3. The administrative departments to be created within the Bank;

18 4. The time and place of the meetings of the Board of Directors and of the Executive Committee;

19 5. The form to be used for the convocation of the General Meeting, as well as the conditions and the methods for exercising voting rights on the part of representatives of central banks;

20 6. The form of trust certificates which the Bank shall issue to the Creditor Governments under the Plan;

21 7. Provisions with regard to liquidation of the Bank.

22 The Organisation Committee shall co-operate with the organisation committees provided for in this Plan.

IV. DIRECTORATE AND MANAGEMENT.

23 The entire administrative control of the Bank shall be vested in the Board of Directors whose duty it shall be to supervise and direct the operations of the Bank and in general so to act as to carry out those purposes of the Plan committed to the administration of the Bank. In particular, the Board of Directors :

24 1. Shall have the right to adopt, modify, limit or extend the statutes of the Bank in such a manner as shall not be inconsistent with the provisions of the Plan;

25 2. Shall have the power generally to modify the provisions contained in the outline of the Bank's organisation or to make substitutions for any or all of them, provided always that such modifications or substitutions shall not be inconsistent with the essential functions of the Bank with respect to the Experts' Plan as a whole and with its existing engagements;

26 3. Shall appoint the chief executive officer of the Bank, and fix his remuneration;

27 4. May appoint an Executive Committee and delegate such powers to it as may be provided for in the statutes of the Bank;

28 5. May appoint advisory committees to deal with any questions upon which information or advice is desired.

29 The functions of a Director are incompatible with those involving national political responsibilities. The statutes of the Bank shall make the necessary provision in order to avoid such conflict of functions. All the Directors shall be ordinarily resident in Europe or shall be in a position to give regular attendance at meetings of the Board.

30 The Board of Directors shall be made up in the following manner :

31 1. The Governor (or, as the case may be, the chief executive officer) of the central bank of each of the seven countries to which members of the present Committee belong, or his nominee, shall be a Director of the Bank *ex officio*. Each of these Governors shall also appoint one Director, being a national of his country and representative either of finance or of industry or commerce. In case the Governor of any central bank shall be unable to act either officially or unofficially according to the provisions of this paragraph, or refrains from doing so, action shall then be taken in accordance with the alternative procedure given in Section XII of this outline.

32 2. During the period of the German annuities the Governor of the Bank of France and the President of the Reichsbank may each appoint, if they so desire, one additional Director of his own nationality, being a representative of industry or commerce.

33 3. The Governor of the central bank of each of the other countries participating in the share ownership of the Bank, as provided in Section II of this outline, shall furnish a list of four candidates of his own nationality for directorships. Two of the candidates on each list shall be representative of finance and the other two of industry or commerce. The Governors in question may themselves be included in this list. From these lists the fourteen or sixteen Directors mentioned in paragraphs 1 and 2 above shall elect not more than nine other Directors.

34 4. From those first appointed, four groups of five Directors shall be chosen by lot; their terms respectively shall end at the close of each of the first, second, third, and fourth years from the establishment of the Bank. Subject to this the term of office of the Directors shall be five years, but they may be reappointed.

35 5. In case of vacancy in a position on the Board of Directors arising from death, resignation or other causes, the vacancy shall be filled in the same manner as prescribed for original appointments. If a vacancy occurs before the expiration of a term, it shall be filled for the remainder of the term only.

36 The Directors shall elect a Chairman annually from among their own number. The Chairman's duties shall be to preside at meetings of the Board of Directors. At the first meeting, until the Chairman shall have been elected, a member of the Board selected for the purpose by the Organisation Committee shall act as Chairman.

37 The ordinary decisions of the Board, including those involving elections, shall be made by a simple majority vote. In case of an even division the Chairman shall have a deciding vote. For decisions involving the adoption or amendment of statutes of the Bank, modifications or substitutions in the present project for the organisation of the Bank, the distribution among countries of additional issues of stock in the Bank, or other matters for which the statutes of the Bank make appropriate provision, a two-thirds majority shall be required. Should a member not be able to attend a meeting of the Board, it will always be open to him to empower one of his colleagues, by registered letter or by telegram, to vote for him and on his behalf.

38 If decisions of the Board are disputed on the ground that they are inconsistent with the provisions or intent of the Plan, recourse may be had to arbitration under the procedures laid down in Part 8 of the Plan.

39 The chief executive officer of the Bank shall select the officers and heads of the departments of the Bank. For the latter the appointment shall be subject to the approval of the Board of Directors.

V. DEPOSITS.

40 The Bank, in carrying out its functions with respect to the facilitation of international settlements or in connection with the German annuities, shall have the right to receive deposits of a nature consistent therewith. The Board of Directors, or, as it may decide, the Executive Committee, shall consider applications to open deposit accounts, with authority to determine whether such applications come within the scope of the Bank's functions. Deposits shall be received in only those currencies which satisfy,

in the opinion of the Board of Directors, the practical requirements of the gold or gold-exchange standard.

41 Any classification of deposits which the Board of Directors may set up shall include :

42 1. Deposits on annuity account. These deposits the Bank receives in its capacity as Trustee for the Creditor Governments. They shall be managed according to the procedure given in Section VIII of this outline.

43 2. Deposits from central banks. These may be either current account deposits or investment account deposits.

44 3. Deposits on clearing account. The Bank shall have the right, subject to such terms and conditions as the Board of Directors may set down, to accept deposits from central banks for the purpose of establishing and maintaining a fund for settling accounts among them. Such deposits may take the form of gold deliveries at the counters of the Bank or of gold held for its account under earmark by any central bank participating in the fund for clearing accounts. The terms under which central banks may enter the clearing system, the rules and regulations for its operation, and the rates of exchange at which gold is to be accepted as deposits in the clearing fund or to be withdrawn from it, shall be determined by the Board of Directors of the Bank.

45 4. Deposits originating in the exercise of the Bank's functions in connection with the German annuities and tending to facilitate such functions. No such account shall be opened without the assent of the central bank of the country of which the prospective depositor is a national. If the Governor of the central bank in question (or his nominee) is present and voting at the time the Board of Directors (or the Executive Committee) of the Bank authorises the opening of the account, his favourable vote shall be taken as giving the required assent.

46 5. Deposits constituting guarantee funds as provided in Annex VIII and relative to the mobilisation of the unconditional annuity. The interest and the share in

the profits which will apply to these deposits are provided for in Annex VIII and in the Section on Profits (XI) in this outline.

47 6. Special deposit of the German Government. During the first 37 years the German Government shall maintain at the Bank a non-interest-bearing deposit equivalent to 50 per cent of the average deposit remaining in the Annuity Trust Account, as described in Section VIII of this outline. This German Government deposit will not exceed 100 million Reichsmarks.

48 The Bank shall have the right to pay interest on deposits, but only on deposits not susceptible of withdrawal until at least one month from the time of deposit. The rate of interest to be paid will be determined by the Board of Directors, or, as the case may be, by the Executive Committee. In allowing interest on deposits, the Board of Directors shall give due consideration to the value of the services performed for the depositor and the size of the depositor's balance.

VI. LOANS, DISCOUNTS AND INVESTMENTS.

49 The Board of Directors shall determine the nature of the operations to be undertaken by the Bank. Such operations shall be consistent with the policies of the central banks of the countries concerned. The Bank may in particular have the right :

50 (a) to deal directly with central banks, or

51 (b) to deal through central banks which have agreed to act as its agent and correspondent, or

52 (c) to deal with banks, bankers, corporations and individuals of any country in performing any authorised function, provided the central bank of that country does not enter objection. Whenever any proposed credit operation affecting any particular market comes up for decision, the favourable vote of the Governor of the central bank concerned (or his nominee if the Governor is not present), sitting as a member of the Board of Directors or the Executive Committee, shall be taken as giving the assent of his central bank. If he declines to give his assent, the proposed credit operation shall not be undertaken in his market.

53 Thus the Bank may perform such functions as the following :

54 1. To buy and to sell coin and bullion, to earmark gold for the account of central banks and to make advances to central banks on gold as security.

55 2. To buy and to sell for its own account, either with or without its endorsement, bills of exchange and other short-term obligations of prime liquidity, including cheques drawn or endorsed by central banks or in respect of which three obligees are responsible.

56 3. To open and maintain deposit accounts with central banks.

57 4. To rediscount for central banks bills taken from their portfolios, to make loans to them on the security of such bills, or to make advances to them against the pledge of other securities up to such amounts and for such periods as may be approved by the Board of Directors.

58 5. To buy and to sell for its own account intermediate or long-term securities (other than shares) of a character approved by the Board of Directors. Its holdings of such securities at any one time shall not exceed the total of its paid-in capital and reserve funds.

59 6. To invest in Germany, with the assent of the Reichsbank, Reichsmark funds standing to the credit of the Bank, at the Reichsbank, which are not transferable owing to a declaration of transfer postponement. The Bank may realise upon any such investment at its discretion, unless at the time the investment was agreed to by the Reichsbank some stipulation or arrangement affecting the possible sale was made a condition of such agreement. The income from any such investments and the proceeds of such investments if sold shall be deposited to the credit of the Bank at the Reichsbank. Such funds may be held as deposits under the conditions set out in Annex IV of the Plan or be reinvested consistently with the provisions of that Annex.

60 If, in the opinion of the Board of Directors of the Bank, counter-obligations issued against its investments in Germany as collateral can be advantageously sold on non-German markets, their net proceeds shall be distributed to the Creditor Countries in such proportions and under the same conditions as would have applied in the case of normal transfer. The accounts of the Creditor Powers shall be charged with the Reichsmark cost of the securities alienated or pledged in the course of any such transaction. If the Board of Directors of the Bank decides that counter-obligations cannot be sold advantageously, the income and net proceeds of the investments when finally disposed of shall be distributed to the creditors.

61 The foregoing power is in addition to the general powers of the Bank to make and realise upon investments for its own account at any time, subject to the provision that such investments are to be made with the assent of the central bank concerned.

62 7. To issue its own obligations at long- or short-term, secured or unsecured, for the purpose of re-lending to any central bank, in each case upon the specific decision of the Board of Directors by a two-thirds vote.

63 The investment powers of the Bank shall never be used in such a way as to exercise a predominant influence over business interests in any country. The Board of Directors shall guide the investment undertakings of the Bank accordingly, and shall be entitled if necessary to make special regulations in this respect.

VII. TRUSTEE FUNCTIONS : GENERAL PROVISIONS.

64 The Bank shall be Trustee of the Creditor Governments in dealing with the German annuities and shall have such general powers of administration consistent with the Plan as are necessary to the prompt and complete exercise of its duties in that respect. The Organisation Committee shall draw up appropriate forms of trust agreement between the Creditor Governments and the Bank.

65 The trust functions of the Bank shall include the following :

66 1. Receiving and disbursing to the paying agents the service on the German External Loan 1924. If arrangements can legally be made, the Bank shall also act in the capacity of one of the Trustees for that Loan.

67 2. Receiving from Germany the various certificates and obligations provided for in the Plan. The Bank shall hold these certificates and obligations in safe-keeping and shall issue to the creditors its trust receipts for such certificates and obligations. Upon the completion of the payments called for under these certificates and obligations for any one year, the respective Creditor Governments shall give their quittance to the Bank, which in turn shall give its quittance to the German Government, cancelling and returning any coupons representing the payments made.

68 3. Receiving and distributing the service of the German annuities. The specifications of this function are given in Section VIII of this outline below.

69 4. Performing as regards deliveries in kind such functions as may be entrusted to it by the Governments in connection with the acceptance of the new Plan.

70 5. Dealing with the measures of safeguard provided in the Plan. Upon receiving notification from the German Government consistently with the provisions of the Plan, the Bank shall convene the Special Advisory Committee whose composition, procedure and action are provided for in Part 8 (*e*) of the Plan.

71 6. Acting as Trustee under trust agreements. The Bank shall have the power to act as trustee under any trust agreement entered into by it with the approval or on the initiative of its Board of Directors, which has as its purpose the issue by the Bank of trust certificates or other obligations against investments in securities pledged as collateral therefor. This power may be exercised in addition to the powers with respect to investments provided for in Section VI above.

72 7. Acting as trustee under special agreements. The Bank shall be authorised

to act as trustee under any special agreements among the Creditor Countries covering the repartition of the annuities or the guarantee of any parts of them. In particular, the Bank shall have power to act as trustee under the agreement specified in Annex VIII of the Plan. The Bank shall be authorised to pay interest on any guarantee fund deposited with the Bank in connection with any such trust, and to arrange the terms on which the deposit is to be received and the fund managed, all in accordance with the Plan.

73 8. Acting as trustee at the request of a Creditor Government, the German Government or the central bank of any one of those countries. The Bank shall have the right, upon the approval of the Board of Directors, to undertake any trust functions which any Creditor Government or the German Government or any of their respective central banks proposes that it shall undertake, provided such functions are generally consistent with the purposes of the Plan.

VIII. TRUSTEE FUNCTIONS : THE BANK AS DEPOSITARY FOR THE SERVICE OF THE GERMAN ANNUITIES.

74 The Bank, in its capacity as Trustee for the Creditor Governments, shall receive and distribute the funds represented in the service of the German annuities. In fulfilling these functions the Bank shall work in co-operation with the central banks of the countries concerned; the relations thus established shall be the ordinary relationships obtaining between a bank and its correspondent banks.

75 The procedure for conducting these operations, subject to the right of the Board of Directors of the Bank to make modifications provided the general purposes of the Plan are observed, shall be as follows :

76 1. The Bank shall maintain on its books a general deposit account to be known as the Annuity Trust Account.

77 2. The German Government shall be responsible for the payment to the Bank,

in instalments as provided in the Plan, of all sums applicable to the service of the annuity. These payments shall be credited to the Annuity Trust Account.

78 The Organisation Committee shall make the necessary provision whereby the Reichsmark payments to the account of the Bank at the Reichsbank in respect of the Railway contribution shall be immediately released to the German Government against equivalent payment in foreign currencies to the Annuity Trust Account.

79 3. Subject to the operation of the clauses of the Plan relating to transfer postponement, and except as the Bank may request that payments be made in Reichsmarks to the credit of its account at the Reichsbank described in Paragraph 4 below, the German Government shall make all payments on account of the annuity in foreign currencies. Payments in foreign currencies not on a gold or a gold exchange standard shall be made only with the consent of the Bank. As a matter of business practice, the Bank acting in advance of the payment dates, may notify to the German Government or its agent the Bank's preferences with respect to the currencies in which payment may be made. In case the Bank's preferences are not complied with, payment shall be made to the Bank in the currencies of the seven countries whose nationals are members of the present Experts' Committee, divided as nearly as may be in proportion to their respective shares in that portion of the annuity accruing to them.

80 4. All Reichsmark payments for credit to the Annuity Trust Account shall be paid into an account of the Bank at the Reichsbank. The Bank shall be entitled to draw upon it in making all Reichsmark payments necessary for the operation of the Plan, including payments for administrative expenses incurred in Germany, payments for deliveries in kind and any other disbursements on annuity account. The Bank shall also be entitled to withdraw Reichsmarks from this account or to deposit Reichsmarks in it in the course of conducting operations referred to in Paragraph 14 below, and it may open other accounts at the Reichsbank for use in connection therewith. Such additional accounts shall be operated according to ordinary business principles. The

Bank shall have available at all times sufficient funds in Reichsmarks to cover current requirements on account of payments for deliveries in kind.

81 5. The Bank shall give its receipt to the German Government for all sums which it pays or causes to be paid into the Annuity Trust Account in the course of carrying out its obligations under the Plan. The receipt of the Bank shall make note of the currencies received, but credit shall be given in the Reichsmark equivalent of those currencies. The German Government undertakes for the purpose of the present provisions, as well as for the general purposes of the Plan, that the Reichsmark shall have and shall retain its convertibility into gold or devisen as contemplated in Section 31 of the present Reichsbank Law, and that for these purposes the Reichsmark shall have and shall retain a mint parity of 1/2790 kilogram of fine gold as defined in the German Coinage Law of August 30, 1924 (1). Sums paid in foreign currencies into the Annuity Trust Account shall be calculated in terms of Reichsmarks at the average of the middle rates (Mittelkurs) prevailing on the Berlin Bourse during the half-monthly period preceding the date of payment.

82 6. The Bank's receipt giving credit in Reichsmarks for payments made into the Annuity Trust Account by the German Government or on its behalf shall, under normal operation of the Plan, constitute a complete and sufficient discharge of the obligations of the German Government with respect to such payments. If, however, transfer postponement should be in whole or partial effect, the Bank's receipt giving credit in Reichsmarks shall constitute a complete and sufficient discharge of the obligations of the German Government with respect to all payments into the Annuity Trust Account made in foreign exchange, and with respect to such portion of the payments made in Reichsmarks as in the opinion of the Bank provide current funds for deliveries in kind or services. As to the remainder, the receipt of the Bank shall be in the nature of a temporary acknowledgment only.

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(1) See the letter from the President of the Reichsbank given in Annex II.

83 7. Withdrawals from the Annuity Trust Account shall be made in accordance with provisions to be made by the Organisation Committee. The Bank shall pay no interest on funds deposited in the Annuity Trust Account.

84 8. All disbursements for reparation purposes shall be charged against the Annuity Trust Account. A first charge against that account shall be the service currently due on the German External Loan, 1924. The Board of Directors shall be entitled also to charge against the account such sums as they deem to be fair compensation for the services performed by the Bank and such out of pocket expenses as it incurs in administering the Plan. If, in the opinion of the Directors, such service charges or costs cannot be equitably charged to the account as a whole, they shall be entitled to allocate them in such proportions as they see fit to the individual shares of any of the Creditor Countries. 88

85 9. After charging against the Annuity Trust Account the items referred to in the preceding paragraph and such other items as may be properly chargeable to the annuity as a whole, the Bank shall proceed in the following manner with the distribution of the remainder of the available funds to the accounts of the several Creditors in accordance with the provisions of the Plan. 89

86 10. During such period of time as payments for deliveries in kind and payments under Reparation Recovery Act and similar procedures continue to be made, the Bank shall make available to the several Creditor Countries Reichsmark credits, which shall be utilised subject to the applicable provisions of the Plan. 90

87 11. The Bank, out of each instalment paid into the Annuity Trust Account, shall set aside and accumulate funds for the payment of service on any bonds issued and outstanding which represent commercialised and mobilised shares in the annuity. Funds required for this purpose shall be charged against the accounts of the Creditor Countries in proportion to their respective interests in the bonds for which service is being accumulated. At a suitable time in advance of the dates fixed for the payment 91

of interest to the bondholders, the Bank shall pay to the paying agents the amounts due in interest and shall make disposition according to the terms of the bond of funds required for purposes of amortisation.

88 12. Out of the sums remaining in currencies other than Reichsmarks, and after providing for any other charges called for under the Plan, the Directors of the Bank shall distribute such aggregate amounts as they may determine to the Creditor Countries, divided according to the proportions agreed upon among the respective Governments. In withholding any sums from distribution and in fixing the dates at which distribution is effected, the Directors of the Bank shall be guided on the one hand by the need for prompt action in the interest of the Creditor Countries and on the other by the interests of the Plan as a whole, including due consideration to the Bank by way of compensation for its services in managing the annuity.

89 13. The Bank shall make distribution of cash by crediting the accounts which the central banks of the several Creditor Countries maintain with it, notifying them simultaneously that such credits are for the accounts of their respective Governments. The Bank shall notify the proper financial authorities of the Creditor Countries when such credits have been made, and shall obtain receipts from them accordingly.

90 14. The Bank shall have the right to buy for its own account or for other trust accounts any Reichsmarks held in the Annuity Trust Account, giving foreign currencies in return. The foreign currencies thus acquired by the Annuity Trust Account shall be available for distribution to the Creditor Countries under the conditions specified in the preceding paragraphs. The Reichsmarks which the Bank acquires shall be used only as the Plan provides.

91 15. The Bank, at the close of each business year, or more frequently if requested, shall give to the financial authorities of each Creditor Country a full accounting showing the disposition of its share in the annuity. As soon as any country has received its full share in the annuity for any one year, its proper financial authority shall give

to the Bank his acknowledgment and shall enter the same upon the trust receipt provided for in Paragraph 2 of Section VII of this outline. Such acknowledgment shall constitute a full and sufficient discharge to the Bank with respect to the annuity covered by it.

IX. AGENCY FUNCTIONS.

92 The Bank shall be qualified, on terms to be mutually agreed upon, to act as agent and correspondent of any central bank and to appoint any central bank to act as its agent and correspondent. The services to be performed by either or both parties under such agreements shall be subject, so far as the Bank's interest is concerned, to the approval of its Board of Directors and may include the purchase and sale of gold, of bills of exchange and other securities, the earmarking of gold, the exchange of information and advice, and the transaction of any business consistent with the functions of the Bank under the Plan on the one hand and within the lawful functions of the central bank on the other.

93 The Bank shall act as agent of any Creditor Government in mobilising any parts of the annuities and in managing the service of bonds issued in connection with any such mobilisation. The procedure for conducting the Bank's share in such operations, subject to the right of the Organisation Committee or the Board of Directors of the Bank to make modifications, provided the general purposes of the Plan are observed shall be as follows :

94 1. Upon the request of the Creditor Governments, or any of them, the Bank shall initiate operations for marketing bonds if, after examination, it considers market conditions warrant such operations. Such operations may take place in the international markets, or may be restricted to the domestic market or markets of the countries concerned in the proposed mobilisation, as the Board of Directors may decide. In determining the markets where offerings are to be made, the Bank shall make enquiries from the central banks concerned, and if any central bank offers explicit

objection to an offering being made in its own market, the Directors shall decide accordingly.

95 2. The Bank shall proceed to carry out requests from any Creditor Government for the creation of bonds to be issued on its domestic market in connection with conversion operations up to an amount represented in its share in the annuities. Each State shall be free to offer such bonds on its own market on whatever conditions it can obtain.

96 3. If in the opinion of the Bank the time is opportune for an issue of bonds, even if no request for mobilisation has been received, the Bank may inform the Creditor Governments accordingly.

97 4. If the Creditor Governments so request, the Bank shall arrange with issuing bankers the conditions upon which bonds are to be issued on the open markets either of one or of several countries, as the case may be. The Bank shall fix the minimum price at which such issues shall be made, and it shall supervise the execution of the loan contracts.

98 5. If bonds are issued against the annuity shares of more than one country, the proceeds shall be deposited with the Bank, which shall then distribute the proceeds to the Creditors according to their participation. The handling of the service of issued bonds shall be carried out as provided in the preceding Section of this outline, and in Annex III.

99 6. Apart from the operations described above, the Bank may conduct any other operations (such for instance, as contango operations on bonds issued against the annuities, advances on coupons, etc.,) as are involved in the supervision of transactions relating to these bonds and their service.

X. RESERVE REQUIREMENTS.

100 The Bank, since its deposits in part will be derived from central banks, shall be administered with particular regard to maintaining its liquidity. For this purpose, the Bank shall observe the following reserve requirements :

101 1. Deposits on clearing account. All funds held by the Bank on clearing account, whether gold in vault or gold under earmark for the Bank's account in central banks, shall be reserved for exclusive use in effecting settlements among the depositaries in the account.

102 2. Deposits payable on demand. Against such deposits the Bank shall hold a minimum of 40 per cent in gold or in devisen at their gold value. Devisen eligible as reserve against demand deposits shall consist of banknotes, prime bills of exchange having not more than 90 days to run, of a character which central banks ordinarily buy for their own account, and cheques payable on demand drawn or endorsed by central banks or in respect of which three obligees including a bank of known solvency are responsible. All devisen included in the foregoing classifications shall be denominated in currencies which satisfy in the opinion of the Board of Directors all the practical requirements of the gold or gold exchange standard. Gold in transit, or devisen satisfying the foregoing requirements which are in process of collection, may be counted as reserve.

103 3. Deposits on investment account (time deposits). Deposits payable in fifteen days or less shall be classified as demand deposits and be subject to the reserve requirements specified in the preceding paragraph. Against investment account deposits of longer maturity the Bank shall hold a minimum of 25 per cent in gold or in devisen at their gold value. Devisen eligible as reserve against investment account deposits shall meet the same requirements as those eligible as reserve against demand deposits.

104 If the Board of Directors is of opinion that these reserve requirements should be altered, they shall have the right by a two-thirds vote to increase, diminish or otherwise modify them consistently with sound banking principles.

XI. DISTRIBUTION OF PROFITS.

105 The yearly net profits of the Bank shall be applied as follows :

106 1. Five per cent of the yearly net profits shall be paid to the Legal Reserve Fund of the Bank until that fund reaches an amount equal to 10 per cent of the paid-in capital stock of the Bank as it may stand from time to time. The Legal Reserve Fund on the liquidation of the Bank shall be merged with the General Reserve Fund.

107 2. After making the foregoing provision for the Legal Reserve Fund, the yearly net profits shall be applied to the payment of an annual dividend up to 6 per cent on the paid-in share capital. This dividend shall be cumulative.

108 3. Twenty per cent of the remainder shall be paid to the shareholders until a total maximum dividend of 12 per cent is reached. The Board of Directors of the Bank shall have the right in any year to withhold all or any part of this addition to the regular dividend, and to place it to the credit of a special dividend reserve fund for use in maintaining the cumulative dividend provided for in the preceding paragraph or for subsequent distribution to the shareholders.

109 4. After making provision for the foregoing, one-half of the yearly net profits then remaining shall be paid into the General Reserve Fund of the Bank until it equals the paid-in capital. Thereafter 40 per cent shall be so applied until the General Reserve Fund equals twice the paid-in capital; 30 per cent until it equals three times the paid-in capital; 20 per cent until it equals four times the paid-in capital; 10 per cent until it equals five times the paid-in capital; and from that point onward, 5 per cent.

110 The General Reserve Fund shall be available for meeting any losses incurred by the Bank. In case it is not adequate for this purpose, recourse may be had to the Legal

Reserve Fund provided for under Paragraph 1. In case the General Reserve Fund, by reason of losses or by reason of an increase in the paid-in capital, falls below the amounts provided for above, after having once attained them, the appropriate proportion of the yearly net profits shall again be applied until the position is restored. Upon the liquidation of the Bank, the balance in the General Reserve Fund shall be divided among the shareholders.

111 5. The remainder of the yearly net profits after meeting the foregoing requirements shall be paid in to Special Funds as follows :

112 *a.* Seventy-five per cent to the Governments or central banks of the Creditor Countries or of Germany which maintain time deposits at the Bank withdrawable in not less than five years from the time of deposit, and after four years on not less than one year's notice. The fund shall be disbursed annually in amounts proportionate to the size of the deposits maintained by the respective Governments or central banks aforesaid. The Directors of the Bank shall have power to determine the volume of each of these deposits which would justify the distribution provided for.

113 *b.* Twenty-five per cent to be used to aid Germany in paying the last 22 annuities, provided the German Government elects to make a long-term deposit with the Bank withdrawable only on the terms specified under sub-paragraph (*a*) above and amounting to the minimum sum of 400,000,000 Reichsmarks. If the German Government elects to make such long-term deposits amounting to a sum below 400 million Reichsmarks, the participation of the German Government shall be reduced in proportion and the balance shall be added to the 75 % in sub-paragraph (*a*). The fund shall carry compound interest at the maximum current rate paid by the Bank on time deposits. If the fund should exceed the amount required to pay the 22 last annuities, the balance shall be distributed among the Creditor Governments in proportion to their out-payments during that period. In case the German Government elects not to make any such long-term deposits, the fund shall be distributed as provided in sub-paragraph (*a*) above.

XII. GENERAL PROVISIONS.

114 Any balances remaining in the hands of the Agent General for Reparation Payments on the winding up of his accounts shall be transferred to the Bank for credit to the Annuity Trust Account, subject of course, to the respective interests of the Creditor Countries therein and to any claims and commitments which may be outstanding at the time.

115 The relations of the Reparation Commission with Germany will be terminated. The Bank shall take over as promptly as possible such functions of the Reparation Commission with respect to Germany as are required under the provisions of the Plan, and also such functions of the Agent General for Reparation Payments, the Trustees and Commissioners holding office under the Experts' Plan of 1924, or any of them, as may be required under the provisions of the Plan, all according to the general scheme given in Part 6 of the Plan and Annex V.

116 If in any country there is more than one bank of issue, the term "central bank" as used in this outline shall be interpreted to mean the bank of issue situated and operating in the principal financial market of that country.

117 If, in the process of organising the Bank or in the performance of its functions after establishment, it is found that the central bank of any country or its Governor is unable to act officially or unofficially in any or all of the capacities provided for in this outline, or refrains from so acting, alternative arrangements not inconsistent with the laws of that country shall be made. In particular, the Governors of the central banks of the countries whose nationals are members of the present Committee, or as many of them as are qualified to act, may invite to become members of the Board of Directors of the Bank two nationals of any country the central bank of which is eligible under this outline to take part in forming the Board of the Bank but does not do so. The two nationals of that country upon acceptance of the invitation shall be qualified to act in the full

capacity of Directors of the Bank as provided in this outline. Further, the Directors of the Bank shall be authorised to appoint, in lieu of any central bank not exercising any or all of the functions, authorities or privileges which this outline provides that central banks make or shall exercise, any bank or banking house of widely recognised standing and of the same nationality. Such bank or banking house, upon appointment and acceptance, shall be entitled to act in the place of the central bank in any or all capacities appropriate to central banks under this outline, provided only that such action is not inconsistent with the laws of the country in question.

118 The balance sheet and accounts of the Bank shall be audited each year by independent auditors of recognised standing, who shall be appointed by and report to the Board of Directors.

119 In case the measures proposed in the Plan with respect to the avoidance of double and triple taxation of the Bank are not fully in effect when the Bank begins operations, the Board of Directors shall deal with the matter within its discretion.

120 If any administrative act of the Bank or any decision of the Board of Directors is disputed on the ground that it is inconsistent with the provisions or intent of the Plan, recourse may be had to arbitration under the general provisions for arbitration.

Paris, June 6, 1929.

Owen D. Young Esq.,
Chairman of the Committee of Experts,

Paris, Hôtel George V.

Dear Mr. Chairman,

121 I understand that certain of the creditor groups have raised the question as to the interpretation to be given to the word "Reichsmarks", in which the obligations of Germany under the new Plan are expressed. In my opinion the question is a purely formal one, as the Reichsmark is *de facto* on a gold basis, and has proved itself since its creation as stable a currency as any other in the world.

122 Nevertheless, in order that there should be no possibility of question as to the exact definition of Germany's liability, I am of opinion that the provisions of Section 31 of the Bank Law of 30th August, 1924, should be put into effect, and I am therefore prepared to introduce the necessary resolutions with the Managing Board and the General Council of the Reichsbank at the latest in connection with the putting into force of the present Plan by the Governments.

Believe me, dear Mr. Chairman,

Yours Sincerely,

(Sgd) Hjalmar Schacht.

MOBILISATION.

I. FORM OF INDEBTEDNESS.

123 Germany's debt shall be fixed in the form of annuities. A certificate of indebtedness representative of these annuities shall be delivered by Germany to the Bank as Trustee of the Creditor Powers.

124 To this certificate of indebtedness shall be attached coupons representative of each annuity payable by Germany. Each annuity coupon shall be divided into two parts: the first representative of that portion of the annuity not subject to postponement and corresponding to the portion of Germany's indebtedness which is mobilisable; the second representative of that portion of the annuity which is subject to postponement and corresponding to the portion of Germany's indebtedness which is not mobilisable. Each part of the annuity coupon enjoys equal rights throughout, except with respect to the agreed privilege of postponement.

II. BOND ISSUES.

125 Upon the request of all or of any one of the Creditor Governments, the Bank, as trustee, if it considers such a course opportune, has the right to require the creation of, and the German Government is obligated to create, issuable bonds representing the capitalisation of any part of the portion of the annuity coupons not subject to postponement.

126 The Bank, however, is obliged, under the provisions set forth in paragraph VII (*d*), to accede to requests for the creation of bonds made to it by Governments which are desirous of undertaking internal issues of German bonds in connection with conversion operations.

127 The certificates of indebtedness, the coupons attached thereto, and such bonds as shall be issued in capitalisation of any parts of the annuities not subject to postponement shall be made out in the name of the German Reich and shall represent the obligation of the Reich guaranteed by its general revenues.

III. COLLATERAL GUARANTEES.

128 A. The Railway Company shall deposit with the Bank for International Settlements a certificate acknowledging its liability in respect of the obligations laid down in Part 8 (*a*) of this Plan.

129 B. The Reich furthermore shall undertake to assign certain revenues (customs, and certain taxes on consumption) for the service of the certificates and, as far as they may be exchanged into negotiable bonds, for the service of such bonds. This assignment will constitute a negative pledge and will be ruled by the following conditions :

130 *a.* The assigned revenues as estimated for the Budget 1929 must have a total yield of not less than 150 % of the highest budgetary contribution payable by Germany under this Plan.

131 *b.* The Reich will not pledge the assigned revenues for any other loan or credit, except with the consent of the Bank. If the assigned revenues should be pledged with the consent of the Bank for any other loan or credit the charge for reparation payment will rank ahead of the charge for such other loan or credit.

132 *c.* If, at any time, the total yield of the assigned revenues should fall below 150 % of the highest budgetary contribution payable by Germany under this Plan, the Bank may require that additional revenues, sufficient to assure the immediate restoration of the yield to the above percentage, be assigned.

IV. GENERAL FORM OF THE BONDS.

133 The value of the issuable bonds may, according to circumstances, be expressed in dollars, equivalent to so many pounds, Reichsmarks, francs, etc., or inversely in pounds,

in Reichsmarks, in francs, etc., always provided that the principal of any bond issued in a particular market shall be payable only in the currency of that market at the equivalent of its gold value.

134 The coupons shall be expressed in dollars, pounds, francs, etc., and shall be payable at the rate of the day on all the markets on which the bonds are quoted.

135 In the event of an issue, the amount and form of bonds to be created, as well as the specification of the currency in which they shall be issued, shall be fixed by the Bank in accordance with the requests which it receives from the Creditor Governments taking into account the desiderata of the issuing bankers.

136 After a period of 10 years the Bank, in agreement with the issuing bankers and the Creditor Governments, may consider the issue of bonds, the service of which may be paid in different currencies at par at the bearer's option.

V. STATUS OF MOBILISABLE PORTIONS OF ANNUITY COUPONS.

137 The service of interest and amortisation of the mobilisable or mobilised portions of the annuity coupons shall be paid to the Bank in foreign currencies by the German Reich without any reservation, i. e. on its own responsibility; the financial service of these mobilisable or mobilised portions of the annuities shall constitute a final, absolute and unconditional international obligation in the ordinary financial sense of the word.

VI. STATUS OF NON-MOBILISABLE PORTIONS OF THE ANNUITY COUPONS.

138 The payment of the non-mobilisable portion of the annuity coupons shall be made to the Bank by the German Government in the same conditions as that of the mobilised or mobilisable portion of the annuity coupons.

139 Nevertheless :

1. Bonds representing the non-mobilisable portion of the annuity coupons cannot be created except with the consent of the German Government.

140 2. It is in respect of the non-mobilisable portion of the annuity coupons that the German Government may avail itself of the right of postponing transfer or payment granted elsewhere in this Plan.

VII. FUNCTIONS OF THE BANK.

(*a*) Supervision of Agreements.

141 It shall supervise, both on behalf of the Creditor Governments and the bondholders and on behalf of the Debtor Government, the strict execution of the agreements concluded between them on the established bases.

(*b*) Distribution without Priority.

142 The Bank shall distribute moneys in payment of the mobilised or mobilisable portions of the annuity coupon among the whole of the bondholders and the Creditor Governments in proportion to the rights of each to share in the portion of the annuity coupons not subject to postponement, without allowing a priority of any kind to any tranche or to any claim. It will distribute the moneys relating to the non-mobilisable portions of the annuity coupons amongst the Creditor Governments, the transfer of these moneys taking place only after the transfer of the moneys relating to the mobilised or mobilisable portion of the annuity coupon.

(c) Issue of Bonds on the Markets.

143 The Bank shall inform the Creditor Governments whenever the issue of bonds representing the capitalisation of some part of the mobilisable portion of the annuity coupon is practicable in its opinion.

144 It will be the function of the Bank to fix the minimum price of issue.

145 Each of the Creditor Governments shall be entitled, but not obliged, to issue its share of the bonds in its own country. It may come to an understanding with the bankers of another country to cede to them all or part of this share, but these bankers shall be obliged to proceed to this issue only on the minimum conditions fixed by the Bank. Any of these Governments may also refuse to allow its quota to be created; in that event the portion of the annuity corresponding to this quota shall continue to be paid to the Governments in question as before.

(d) Issue of Conversion Bonds.

146 Creditor Governments desiring to proceed to internal issues of German bonds, in connection with operations for the conversion of national debt, shall have the option of asking the Bank to create bonds representing all or part of their quota of the mobilisable portion of the annuity coupons. These bonds shall constitute national tranches which each Government shall be free to offer on its own market on whatever conditions it can obtain. These bonds shall be quoted only on their market of issue. The service of these bonds shall, however, be effected *pari passu* with that of the other bonds. The coupons of these bonds shall be expressed in pounds, dollars, French francs, etc., and shall be payable at the rate of the day on all the markets on which the mobilisable bonds are quoted.

CONDITIONS OF POSTPONEMENT OF TRANSFER AND OF PAYMENT.

1. POSTPONEMENT OF TRANSFER.

147 The German Government by giving at least 90 days' previous notice shall have the right to suspend for a maximum period of two years from its due date all or part of the transfer of that part of the annuity described as postponable. Transfer postponement thus declared shall affect the postponable annuity as and from that date only on which transfer potsponement becomes effective.

148 If, during any annuity year, the German Government shall avail itself of this power, the transfers falling due during any second year cannot be postponed for more than one year from their respective due dates, unless and until the transfers due during the first year shall have been effected in full, in which case the transfers due during such second year may be postponed two years from their respective due dates; and the transfers due during any third year cannot be postponed at all until the transfers due during the first year have been effected in full.

2. LIABILITY.

149 The liability of the German Government with regard to the annuities contemplated in this Plan is not fulfilled until all sums, the transfer or payment of which may be from time to time postponed, have actually been transferred in full to the Bank for International Settlements in approved foreign currencies, or utilised for deliveries in kind.

3. POSTPONEMENT OF PAYMENT.

150 At any time when postponement of transfer is in effect, but not until one year after it has become effective, the German Government shall have the right to postpone payment for one year of fifty per cent of any sum the transfer of which shall then be susceptible of postponement under paragraph 1 of this Annex. This percentage may be increased upon the recommendation of the Advisory Committee provided for in Part 8 (*e*) of this Report.

4. UTILISATION OF REICHSMARKS.

151 Any sum in Reichsmarks, the transfer of which is postponed, shall (save as provided for in paragraph 3 above) be deposited to the account of the Bank for International Settlements at the Reichsbank for eventual release of balances not absorbed by deliveries in kind, against payment in foreign currencies by the German Government. At all times, the employment, whether for investment or as indicated below, of Reichsmarks so deposited shall be subject to agreement between the Reichsbank and the Bank for International Settlements. In determining the manner in which these sums shall be employed, regard shall be had to the possibilities that special programmes of deliveries in kind can be arranged with the German Government.

152 *a.* during the first ten years, by restricting or extending the programme of deliveries in kind laid down for those years;

153 *b.* after the first ten years, by arranging a special programme of deliveries in kind where the interests of particular industries in Germany and of particular Creditor Countries which would otherwise suffer may be met without prejudice to the general situation;

provided, however, that any special arrangement which may be made between any Creditor Country and Germany, with a view to reserving to the said Creditor the right to receive certain deliveries in kind in case of moratorium, shall be carried through, subject to a copy of the agreement therefor being communicated to the Bank for International Settlements.

5. INTEREST.

154 Interest at the rate of 1 per cent per annum above the prevailing Reichsbank discount rate, or at five and a half per cent, whichever is lower, shall be paid half-yearly by the German Government on the daily amount of the sums the transfer or payment of which has been postponed and which have not been invested or utilised for deliveries in kind. This interest shall be treated in all respects similarly to the principal sum upon which it accrues, and the return upon that portion of the funds actually invested shall be for the account of the Creditor Powers.

ANNEX ON ORGANISATION COMMITTEES.

155 1. Just as the Dawes Plan was put into force by the agreement of the Governments concerned laid down in the London Protocol, the new Plan will have to be put into force by agreement of the Governments.

156 Once the Governments have accepted in principle the new Plan it seems advisable that, in addition to any preparatory measures necessary for the Conference of the Governments, steps should be taken for the elaboration of detailed schemes about certain technical questions.

157 Generally speaking it seems advisable to have these schemes elaborated by special organisation committees, which should be composed substantially in the same way as the organisation committees of the Dawes Plan, i. e. by the same number of representatives of the Creditors as of the Debtor with a neutral chairman to be called in case of disagreement. The Organisation Committee for the new Bank would, however be differently composed.

158 We recommend such organisation committees for the following questions :

159 1. Organisation Committee for the new Bank, as provided for in Annex I of the Report.

160 2. Organisation Committee for the adaptation of the German Laws set up under the Dawes Plan, composed of members of the sub-committees next mentioned, with one neutral Chairman. This Committee should have 3 Sub-Committees, to be composed each of 2 creditor members nominated by the Reparation Commission and 2 German members nominated by the German Government :

161 *a.* for the adaptation in agreement with the Trustees of the system under which the securities assigned to the Dawes Loan are managed and of the machinery of the assigned revenues, referred to in Annex III;

162 *b.* for the adaptation of the Bank Law (independence of the Reichsbank);

163 *c.* for the adaptation of the German Railway Law (independence of the German Railway Company).

164 2. After the Governments have concluded a comprehensive arrangement for putting into force the new Plan, it will be necessary to provide some special organisation which will undertake the administrative work of setting up the organisations provided for by the new Plan and of handing over to them the functions of the existing organisations.

165 As there is only one new organisation which is going to centralise all the various functions concerning the execution of the new Plan, viz. the Bank for International Settlements, it is necessary to provide one special body only for the setting up of this organisation, this body to be the Organisation Committee for the new Bank referred to above, as provided for in Annex I.

166 The task of transferring the functions of the existing organisations to the Bank for International Settlements should be conferred upon a small special committee composed of 2 members of the Organisation Committee for the Bank for International Settlements, as well as of representatives of the German Government, the Agent General and the Reparation Commission, an equitable representation being assured to the Powers represented upon the present Committee.

THE BELGIAN MARK CLAIM.

167 The Experts recognise that though the settlement of the so-called Belgian Mark Claim is not within the terms of reference of this Committee, their Belgian colleagues cannot reasonably be expected, in view of the discussions which preceded the call of the Committee, to join in the Report except on the understanding that an agreement for the settlement of the Mark Claim will be reached by direct negotiations between the Belgian and German Governments. The Experts understand that negotiations for the purpose are about to open as between the two Governments and they recognise that the new Plan cannot become operative until the Belgian and German Governments have come to an internationally binding agreement on the Mark Claim; and in view of the German Government's undertakings as stated in the correspondence annexed [letters from Dr. Schacht of the 3rd June (see Annex VI *a*) and from Herr Kastl of the 4th June (see Annex VI *b*)] they recommend to their respective Governments accordingly.

168 If the settlement of the Mark Claim takes the form of an annuity, and if the Belgian and German Governments so request, the Experts are ready to recommend to their Governments to offer no objection to the annuity taking the identical form of the annuities covered in this Report and to its being administered in the same way by the Bank for International Settlements.

3rd June 1929.

Mr. Owen D. Young,

Hôtel George V,

Paris.

Dear Mr. Chairman,

169 Supplementing my talk with you of last Saturday on the Belgian Mark matter, I have the honour to inform you that the German Government is prepared to proceed along the following lines :

170 1. Immediately to enter into a "*pactum de contrahendo*" with the Belgian Government (either by exchange of notes or by signed protocol) whereby the two Governments will agree to enter into negotiations on a new basis looking to a definite settlement of the Mark controversy.

171 2. To commence such negotiations promptly and to agree that these negotiations should be concluded before the New Reparation Plan has been put into force by the Governments.

172 3. The German Government has appointed Herr Ministerialdirektor Ritter as its special representative to handle the above matters and he is prepared to open discussions promptly.

173 The substance of the foregoing has been communicated to the Belgian Minister in Berlin, whose reply the German Government now awaits.

174 The foregoing proposal has been made by the German Government in a conciliatory spirit and in an effort in good faith to remove this impediment to the normal development of friendly relations between the two countries concerned.

175 I hope that the foregoing statements may remove any misunderstandings which

exist as to the position of the German Government with respect to the Belgian Mark matter, and in view of such misunderstandings heretofore, I would appreciate your advising the other members of the Committee of the position of the German Government as stated herein.

With assurances of my personal esteem,

I am,

Sincerely yours,

(Sgd) Dr. Hjalmar Schacht.

Paris, June 4th, 1929.

Mr. Thomas W. Lamont,

Hôtel Ritz,

Paris.

Dear Mr. Lamont,

176 Confirming my conversation of this morning with you and Mr. Perkins, I desire to make clear the following :

177 1. The position of the German Government, as stated in Dr. Schacht's letter to the Chairman of June 3, 1929, is in no way changed.

178 2. Dr. Ritter, of the German Foreign Office, representative for the settlement of the Mark question, has again declared to us on behalf of the German Government, that :

179 *a.* He is prepared to start negotiations immediately. He suggests that such negotiations should take place in Brussels or Berlin.

180 *b.* No territorial questions will be raised in these negotiations.

Sincerely yours,

(Signed) Kastl.

Paris, June 4th, 1929.

My dear President,

181 You have been so good as to communicate to me the letters which were sent to you by Dr. Schacht and Dr. Kastl in the name of their Government on June 3rd and 4th respectively.

182 In the first of these letters, Dr. Schacht stated that his Government is ready to accept an engagement to negotiate with the Belgian Government, upon a new basis, in order to arrive at a definitive settlement of the Mark question.

183 He adds that the German Government is willing to begin these negotiations rapidly and to agree that they should be terminated before the new Reparation Plan has been put into force by the Governments.

184 In the second, Dr. Kastl declares that no territorial question will be raised in these negotiations.

185 You are aware of the reasons because of which the Belgian Delegation up to the present has refused to sign the Report before a settlement of the Mark question had been realised, not desiring to find itself later in a position which it knew to be without issue, and on the other hand standing out for reparation of the serious damage which Belgium has suffered.

186 Considering the engagement of the German Government and considering also the recommendation which the Experts unanimously decided to-day to address to their respective Governments and which will be incorporated in the Report, the Belgian Experts agree to sign the Report before the Mark negotiations have been terminated.

187 I reserve the right to communicate to the German Government the different memoranda which have been exchanged during the course of the work of the Experts.

Believe me, etc., etc...

(Signed) E. Francqui.

DISTRIBUTION OF THE ANNUITIES

PROPOSED

BY THE EXPERTS OF THE CREDITOR COUNTRIES

REPRESENTED ON THE COMMITTEE.

188 DISTRIBUTION OF THE ANNUITIES PROPOSED BY THE EXPERTS

1. WE RECOMMEND THAT THE ANNUITIES SET OUT IN PART 8 OF THIS REPO

GERMAN FINANCIAL YEAR.	FRANCE.	BRITISH EMPIRE.	ITALY.	BELGIUM.	ROUMANI
					MILLI
1929–30. (1)	418.8	53.1	42.5	70.7	7
1930–31	900.7	366.8	156.0	98.2	10.0
1931–32	838.4	362.0	190.8	102.6	12.0
1932–33	879.8	364.5	196.3	105.3	13.0
1933–34	879.1	454.8	192.4	100.3	13.9
1934–35	941.8	450.1	193.6	102.8	14.7
1935–36	962.8	444.9	195.2	110.0	16.1
1936–37	1,004.1	438.1	197.2	116.9	17.2
1937–38	1,031.8	452.6	198.6	114.7	18.3
1938–39	1,052.4	447.1	200.2	114.8	19.1
1939–40	1,087.3	442.5	204.1	117.0	23.7
1940–41	1,179.9	457.1	211.5	117.1	20.1
1941–42	1,171.2	456.3	223.1	123.9	20.0
1942–43	1,191.4	446.0	225.5	124.1	20.6
1943–44	1,190.8	439.8	227.8	124.2	21.1
1944–45	1,190.7	450.5	230.5	123.9	21.1
1945–46	1,190.8	439.1	233.3	124.0	25.7
1946–47	1,188.1	432.4	235.6	124.1	28.4
1947–48	1,185.2	446.6	237.1	124.1	31.2
1948–49	1,185.1	439.1	239.4	124.2	31.2
1949–50	1,248.6	439.6	248.1	134.6	31.1
1950–51	1,277.9	440.5	260.1	134.7	31.1
1951–52	1,248.5	441.1	272.8	134.7	31.1
1952–53	1,248.3	441.4	275.6	134.7	31.1
1953–54	1,248.2	445.6	278.5	134.7	31.1
1954–55	1,248.1	453.6	281.3	134.7	31.1
1955–56	1,248.2	444.2	285.4	134.7	31.1
1956–57	1,248.1	434.7	289.0	134.9	31.1
1957–58	1,278.6	407.3	292.6	134.9	31.1
1958–59	1,302.8	410.2	296.7	134.8	31.1

(1) The year 1929–30 comprises only the 7 months September 1929 to March 1930.

E CREDITOR COUNTRIES REPRESENTED ON THE COMMITTEE.

OULD BE DISTRIBUTED AMONG THE CREDITOR POWERS AS FOLLOWS:

SERBIA.	GREECE.	PORTUGAL.	JAPAN.	POLAND.	U. S. A.	TOTAL.
MARKS.						
72.1	"	6.0	13.2	0.5	65.9	742.8
79.4	3.6	13.2	13.2	0.5	66.3	1,707.9
79.3	6.7	13.2	13.2	0.5	66.1	1,685.0
79.4	6.9	13.2	13.2	0.5	66.1	1,738.2
72.4	7.2	12.6	11.9	0.4	59.4	1,804.3
72.5	7.2	12.6	11.9	0.4	59.4	1,866.9
72.6	7.2	12.6	11.9	0.4	59.4	1,892.9
73.8	8.2	12.6	11.9	0.4	59.4	1,939.7
71.5	8.3	12.4	11.4	0.4	57.2	1,977.0
71.8	8.5	12.4	11.4	0.4	57.2	1,995.3
74.5	8.4	13.6	11.9	0.4	59.4	2,042.8
76.1	8.4	13.6	11.9	0.4	59.4	2,155.5
83.9	8.3	14.2	13.2	0.5	66.1	2,180.7
88.2	8.3	14.2	13.2	0.5	66.1	2,198.0
88.3	8.3	14.2	13.2	0.5	66.1	2,194.3
88.5	8.3	14.2	13.2	0.5	66.1	2,207.5
88.7	8.3	14.2	13.2	0.5	66.1	2,203.8
88.7	8.3	14.2	13.2	0.5	66.1	2,199.5
88.8	8.3	14.2	13.2	0.5	66.1	2,215.2
88.8	8.3	14.2	13.2	0.5	66.1	2,210.0
99.8	8.1	15.1	15.2	0.6	76.1	2,316.8
99.9	8.1	15.1	15.2	0.6	76.1	2,359.2
100.0	8.1	15.1	15.2	0.6	76.1	2,343.2
100.0	8.1	15.1	15.2	0.6	76.1	2,346.2
100.1	8.1	15.1	15.2	0.6	76.1	2,353.3
100.7	8.1	15.1	15.2	0.6	76.1	2,364.6
101.2	8.1	15.1	15.2	0.6	76.1	2,359.8
101.2	8.1	15.1	15.2	0.6	76.1	2,354.2
102.2	8.1	15.1	15.2	0.6	76.1	2,361.8
103.1	8.1	15.1	15.2	0.6	76.1	2,393.8

GERMAN FINANCIAL YEAR.	FRANCE.	BRITISH EMPIRE.	ITALY.	BELGIUM.	ROUMAN
1959-60	1,278.4	408.3	299.8	134.8	31.1
1960-61	1,278.2	406.1	310.8	134.7	31.1
1961-62	1,278.2	412.0	321.5	134.5	31.1
1962-63	1,278.1	400.5	324.8	134.8	31.1
1963-64	1,278.0	410.1	327.8	134.6	31.1
1964-65	1,277.9	406.3	331.0	134.9	31.1
1965-66	1,297.5	410.6	334.0	134.5	31.1
Average 1959-65	1,046.5	409.0	213.7	115.5	20.1
1966-67	794.2	357.2	290.1	53.1	31.7
1967-68	794.1	346.7	295.1	52.8	36.8
1968-69	790.9	349.4	302.3	53.0	39.8
1969-70	787.7	355.7	309.3	53.1	42.9
1970-71	787.5	361.2	317.6	53.2	42.9
1971-72	787.3	361.8	327.7	52.8	42.9
1972-73	787.1	366.1	332.0	52.8	42.9
1973-74	786.9	365.4	336.3	52.8	42.9
1974-75	786.8	364.1	340.5	52.8	42.9
1975-76	786.6	366.4	344.6	53.2	42.9
1976-77	786.3	363.8	350.8	53.5	42.9
1977-78	786.1	364.8	356.9	53.3	42.9
1978-79	785.9	365.1	367.1	53.2	42.9
1979-80	785.7	364.7	372.9	52.9	42.9
1980-81	785.5	363.5	385.1	53.1	42.9
1981-82	785.2	365.7	400.1	53.3	42.9
1982-83	785.0	362.9	407.2	53.4	42.9
1983-84	784.7	372.0	409.8	53.4	42.9
1984-85	784.4	346.2	416.5	53.0	42.9
1985-86	784.1	- 414.1 (1)	418.8	53.0	42.9
1986-87	783.9	- 414.1 (1)	425.0	53.3	42.9
1987-88	753.3	- 372.1 (1)	382.6	50.6	42.9

(1) These sums correspond to the excess war debt receipts of Great Britain over war debt payments during these three years

SERBIA.	GREECE.	PORTUGAL.	JAPAN.	POLAND.	U. S. A.	TOTAL.
marks.						
103.2	8.1	15.1	15.2	0.6	76.1	2,370.6
104.5	8.1	15.1	15.2	0.6	76.1	2,380.5
105.9	8.1	15.1	15.2	0.6	76.1	2,398.3
105.9	8.1	15.1	15.2	0.6	76.1	2,390.2
106.0	8.1	15.1	15.2	0.6	76.1	2.402.6
106.0	8.1	15.1	15.2	0.6	76.1	2,402.1
106.0	8.1	15.1	15.2	0.6	76.1	2,428.8
84.0	7.0	13.2	13.2	0.5	66.1	1,988.8
22.7	9.7	8.2	»	»	40.8	1,607.7
22.7	9.7	8.2	»	»	40.8	1,606.9
22.7	9.7	8.2	»	»	40.8	1,616.7
22.7	9.7	8.2	»	»	40.8	1,630.0
22.7	9.7	8.2	»	»	40.8	1,643.7
22.7	9.7	8.2	»	»	40.8	1,653.9
22.7	9.7	8.2	»	»	40.8	1,662.3
22.6	9.7	8.2	»	»	40.8	1,665.7
22.6	9.7	8.2	»	»	40.8	1,668.4
22.6	9.7	8.2	»	»	40.8	1,675.0
22.6	9.7	8.2	»	»	40.8	1,678.7
22.6	9.7	8.2	»	»	40.8	1,685.4
22.6	9.7	8.2	»	»	40.8	1,695.5
22.6	9.7	8.2	»	»	40.8	1,700.4
22.6	9.7	8.2	»	»	40.8	1,711.3
22.6	9.7	8.2	»	»	»	1,687.6
22.6	9.7	8.2	»	»	»	1,691.8
22.6	9.7	8.2	»	»	»	1,703.3
22.6	9.7	8.2	»	»	»	1,683.5
22.6	9.7	8.2	»	»	»	925.1
22.6	9.7	8.2	»	»	»	931.4
22.6	9.7	8.2	»	»	»	897.8

189 2. We recommend that out of the unconditional annuity of 660 million R.M. the amount of 500 million R.M. should be allocated to France subject to the provision of a Guarantee Fund by the French Government in accordance with the arrangements set out in Annex VIII. Out of the remainder of the unconditional annuity, after allowing for the service of the Dawes Loan, 42 million R. M. will be apportioned to Italy. So far as concerns the balance of the unconditional annuity, and the amounts by which it is increased as the requirements for the service of the Dawes Loan become less and cease, Italy will have no claim until so much of the balance as may be required for an equitable apportionment shall have been allotted, by agreement of all the Governments, to the remaining Powers entitled to share in the annuities provided for by this Plan.

190 3. The schedule of deliveries in kind set out in Part 8 (*f*) shall be allocated among the Creditor Governments as follows :

YEARS.	TOTAL.	FRANCE.	GREAT BRITAIN.	ITALY.	BELGIUM.	JAPAN.	SERBIA.	PORTUGAL.	ROUMANIA.	GREECE.
		54.45 %	23.05 %	10 %	4.5 %	0.75 %	5 %	0.75 %	1.10 %	0.40 %
1st....	750	408.4	172.9	75.0	33.7	5.6	37.5	5.6	8.3	3.0
2nd...	700	381.2	161.4	70.0	31.5	5.2	35.0	5.2	7.7	2.8
3rd...	650	353.9	149.8	65.0	29.2	4.9	32.5	4.9	7.2	2.6
4th...	600	326.7	138.3	60.0	27.0	4.5	30.0	4.5	6.6	2.4
5th...	550	299.5	126.8	55.0	24.7	4.1	27.5	4.1	6.1	2.2
6th...	500	272.3	115.3	50.0	22.5	3.7	25.0	3.7	5.5	2.0
7th...	450	245.0	103.7	45.0	20.2	3.4	22.5	3.4	5.0	1.8
8th...	400	217.8	92.2	40.0	18.0	3.0	20.0	3.0	4.4	1.6
9th...	350	190.6	80.7	35.0	15.7	2.6	17.5	2.6	3.9	1.4
10th...	300	163.3	69.1	30.0	13.5	2.3	15.0	2.3	3.3	1.2

191 Proceeds of Reparation Recovery Acts already in force, or of systems substituted therefor by agreement with the German Government, shall be reckoned as deliveries in kind for this purpose.

192 4. The sums received under the Dawes Plan in respect of the period 1st April to 31st August, 1929, shall, after allowing for expenses in respect of administration of the Dawes Plan and Armies of Occupation, be redistributed to the extent necessary to provide each of the Creditor Powers with cover for its net debt outgoings during the year ending 31st March 1930. (These outgoings are as stated in Part 8 of the Report). The necessary adjustments for this purpose could be made against the payments during the last 7 months of that year.

193 5. It is suggested that the division between the Creditor Governments proposed in the present Annex should be accepted as a definitive settlement of all questions relating to the distribution of German payments and should not be affected by any existing arrangements or by the result of accounts relating to past transaction.

194 On the other hand it is not suggested that the present Plan should affect or disturb in any way any existing Inter-Allied agreements relating to payments, cessions or deliveries on the part of the Powers formerly allied with Germany. It may, however, prove necessary to examine any provisions of these agreements under which receipts by the Creditor Powers could be accounted for as between themselves in terms of German C Bonds in order that they may be given an application consistent with their original practical purpose.

195 6. The approval of the Report by the Experts of the principal Creditor Countries is made formally contingent on this distribution.

GUARANTEE FUND IN RESPECT OF UNCONDITIONAL ANNUITIES.

196 1. The Experts of the principal Creditor Governments have agreed that there shall be assigned to France out of the unconditional annuity 500 million R.M., in order to allow her to mobilise a substantial part of her share in the total annuity.

197 The aforesaid Experts consider that this assignment should be final, and in no case subject to diminution, but should continue to be included in the total assigned to France subject only to the alteration contemplated in the Special Memorandum signed concurrently with the Report of this Committee.

198 2. In order to equalise the short payments to other Creditors which would arise from a postponement of the postponable portion of the annuity, it was agreed that France should deposit a special guarantee fund with the Bank for International Settlements.

199 3. On the coming into force of this Plan, France will give to the Bank for International Settlements an undertaking to deposit in a Trust Fund, on the demand of the Bank for International Settlements, foreign currencies to a total value of 500 million R.M. It is understood that this demand will not be made until action has been taken leading to the calling of the Advisory Committee referred to in Part 8 (e) of the Report. The amount of 500 million R.M. will be reduced by the amount of any payments made by France under paragraph 4 below. The Bank for International Settlements may retain this deposit as long as it deems necessary, but shall pay interest on it at its maximum current rate for long-term deposits. This deposit, if it is agreed that it shall remain for more than 5 years, shall be entitled to participate in the profits of the Bank divisible under Section XI, 5 of Annex I.

200 4. As soon as mobilisation of any part of the French annuity has been effected, France will deduct from the proceeds 10 % thereof or 500 million R.M., whichever is the less, and will deposit it to the credit of the Trust Account of the Bank for International Settlements referred to in the preceding paragraph.

201 5. Upon postponement of transfer of any payment due from Germany, the Bank for International Settlements shall take the following steps :

202 *a.* offer to the Creditors, other than France, devisen up to the amount necessary (but not exceeding 500 million R.M. divided if necessary proportionately) to ensure to each of them receipts in devisen equal to the amounts they would have received had the non-postponable annuity been distributed in the same proportions as the total annuity;

203 *b.* debit the Trust Fund set up under paragraph 2 above with the amount of devisen actually utilised under § *a*;

204 *c.* receive from each Creditor, in exchange for devisen accepted under § *a*, an assignment in favour of the Trust Fund of an equivalent amount of the annuity, transfer of which has been postponed.

205 6. As and when Germany effectively transfers the postponed amounts, the Bank will credit to the Trust Fund its share thereof in accordance with the assignment in paragraph 5 (*c*) above.

CONCURRENT MEMORANDUM BUT NOT A PART OF THE REPORT.

SPECIAL MEMORANDUM OF THE EXPERTS OF THE PRINCIPAL CREDITOR POWERS AND OF GERMANY REGARDING OUT-PAYMENTS.

(Signed concurrently with the Report of the Committee of Experts.)

206 1. In the annuities provided in the Report, the following amounts are required to cover out-payments.

	EQUIVALENT IN MILLIONS OF R.M.
2	965.1
3	942.3
4	995.4
5	1,136.4
6	1,199.0
7	1,224.9
8	1,271.8
9	1,334.0
10	1,352.5
11	1,375,0
12	1,487.6
13	1,437.9
14	1,455.1
15	1,451.5
16	1,464.7
17	1,460.9
18	1,456.9
19	1,472.3
20	1,467.1

	EQUIVALENT IN MILLIONS OF R.M.
21	1,461.5
22	1,503.9
23	1,487.9
24	1,491.1
25	1,498.1
26	1,509.4
27	1,504.5
28	1,499.1
29	1,506.7
30	1,538.6
31	1,515.4
32	1,525.4
33	1,543.2
34	1,535.0
35	1,547.4
36	1,546.8
37	1,573.7
38	1,566.9
39	1,566.1
40	1,575.9
41	1,589.2
42	1,602.9
43	1,613.1
44	1,621.5
45	1,624.9
46	1,627.6
47	1,634.2
48	1,637.9
49	1,644.6
50	1,654.7
51	1,659.6
52	1,670.5
53	1,687.6
54	1,691.8

	EQUIVALENT IN MILLIONS OF R.M.
55	1,703.3
56	1,683.5
57	925.1
58	931.4
59	897.8

207 It is represented that in the event of modifications of those obligations for out-payments by which the Creditors benefit there should be some corresponding mitigation of the German annuities. The Experts of the four chief Creditor Countries and of Germany therefore recommend that Germany and all the Creditor Governments having obligations for out-payments should undertake between themselves an arrangement on the following basis :

208 2. Any relief which any Creditor Power may effectively receive, in respect of its net outward payments on account of war debts, after making due allowance for any material or financial counter-considerations, and after taking into account any remissions on account of war debt receipts which it may itself make, shall be dealt with as follows :

As regards the first 37 years :

209 *a.* Germany shall benefit to the extent of two-thirds of the net relief available by way of a reduction in her annuity obligations thereafter.

210 *b.* One-third of the net relief shall be retained by the Creditor concerned, in addition to the amounts otherwise receivable from Germany.

211 *c.* Nevertheless, so long as any liability of Germany persists in respect of the period after the 31st March 1966, the Creditor concerned will retain annually only one-fourth part of the net relief, the balance being paid to the Bank for International Settlements.

212 *d.* These payments to the Bank for International Settlements shall accumulate to assist Germany towards meeting her liabilities in respect of the period after the 31st March 1966; any sums found after application of the funds provided in Annex I not to be required for this purpose (together with the accumulations thereon) shall be returned to the Creditor by whom they were provided.

As regards the last 22 years :

213 The whole of such relief shall be applied to the reduction of Germany's liabilities.

214 3. We recommend that the Creditor Governments should agree that, if the operation of the relief to Germany envisaged in respect of a possible reduction of net out-payments is such as to change materially the proportions in which the total annuities provided for in the present Plan are divided amongst them, they meet to consider a revision tending towards the restoration of the present proportions, but having regard to the following conditions set out below and any other relevant factors then existing :

215 *a.* The service of any bonds mobilised by the Creditor Country, and the balance of its net outward payments in respect of war debts remaining to be covered must continue to be met out of the share falling to it in the annuities thereafter to be paid by Germany.

216 *b.* Due allowance shall be made for any material or financial counter-considerations accepted by the Creditor Country in connection with the relief accorded to it in respect of war debts payments.

217 4. It was originally suggested that the amounts of the postponable annuities should be regulated by reference to the net amounts which the various Creditors were themselves able to postpone in respect of Inter-Allied war debts, the general conditions therein governing postponements to be applied. For various reasons,

this method of calculation could not be adopted, but endeavour was made to adapt the moratorium provisions in such a waythat the rights granted to Germany should not be greater than those of the Creditor Powers. The unconditional part of the annuity has therefore been fixed, while guarantees have been provided for the remainder.

Paris, June 7th, 1929.

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